LONG TERM PLAN
2015-2025

PUTTING NORTHLAND FIRST

NORTHLAND
REGIONAL
COUNCIL

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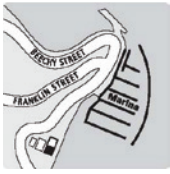

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SECTION ONE: OVERVIEW

Te Rautaki Mahere o Te Kaunihera-ā-Rohe o Te Tai Tokerau

He anga whakamua

Whakatakataka te hau ki te uru

Whakatakataka te hau ki te tonga

Kia mākinakina ki ūta

Kia mātaratara ki tai

E hī ake ana te ātākura

He tio, he huka, he hau hū

Ko te mea tuatahi ano, ko ngā mihi ki tō tātou Kaihanga, ko ia hoki kei mua, kei muri iho ngā mea katoa e tūmanakohia nei tātou i runga i te mata o te whenua.

Whaimuri atu i tēnā, ko ngā mihi aroha ki a koutou e rau rangatira mā, ngā mana, ngā reo, ngā huihuinga tangata puta noa i Te Tai Tokerau, tēnā koutou, tēnā koutou, tēnā koutou katoa.

Tēnā hoki koutou i o tatou mate huhua o ngā tau, ngā marama, ngā wiki me ngā rā e taha ake nei kua pāhemo atu ki te pō. Haere koutou, haere koutou, haere koutou. Heoi te kupu mō rātou.

Anei te reo mahana hei karanga i te hunga katoa e noho kainga ana ki te rohe o Tai Tokerau kia tirohia te Rautaki Mahere e wharikihia ana e Te Kaunihera-ā-Rohe o Te Tai Tokerau mo ngā tau 2015 ki 2025.

Ngā pūtake o tēnei rautaki – ta koutou rautaki hoki, he taiao whaioranga, he whakapūtahi-a-hāpori, kia whakapai atu ngā kaupapa whakarite ohaoha, kia mautonutia ngā whakarite e pā ki o tatou taonga me te whakakahangia te whanaungatanga ki ngā iwi.

Ko te whainga o tēnei rautaki, kia whakaahuatia ngā reo e tangi nei to tatou iwi katoa – he rautaki e kawe nei Te Tai Tokerau me ana hāpori katoa kia whakamua.

Waiho ma ngā kupu o te whakatauāki hei whakaatu te tūmanako o te Kaunihera kia māmā te huarahi kia taea ngā whainga mō te wā kei mua i a tatou.

Moving forward

O that the piercing winds from the west and the south be calmed

So the jagged conditions on land and sea may be eased

And may the brilliant glow of the frosty dawn

Usher forth a new and glorious day

Almighty God and his divine blessings upon us all shall be our first acknowledgement.

Following this would be our warmest greetings to all the dignitaries, creeds, languages, cultures and indeed all the peoples of Northland and their fondest memories of their most nearest and dearest who have passed beyond the veil over the years, months, weeks and days past.

The Northland Regional Council takes great pleasure in presenting to you the region's Long Term Plan for the next 10 years – 2015 to 2025.

A healthy environment, community involvement, sustainable use of resources, a better economy and strong relationships with iwi – these goals lie at the heart of our plan – your plan.

A plan in which we strive to reflect the many voices of our people – a plan that puts Northland and its communities first.

A centuries-old proverb, once used as a prelude to an epic undertaking, is used once again in the hope that those ancient words will ring true to support us in our endeavours to attain the goals set out for the future.

Message from the Chairman and Chief Executive Officer

Our Long Term Plan 2015-2025 details a range of activities for maintaining a healthy environment, ensuring safe and resilient communities, and supporting improved economic opportunities for our region and its people.

As ever, the biggest issue we face in planning for the future is managing the diverse expectations of our communities, our legal obligations, and what's affordable.

With this plan, we have aimed to strike a balance that allows us to deliver on – and improve – our core services that contribute to the region's wellbeing and prosperity.

New flood protection infrastructure for several priority areas – Kaitāia, Kerikeri and Whāngārei – will help reduce the impacts of river flooding, protect human life and maximise the region's productivity. Over the next decade we will also continue to support our communities' ability to identify, understand and cope with natural disaster.

Funding support will continue for the successful community-led pest management programme at Whāngārei Heads, via the establishment of a new targeted pest management rate on local properties. This will enable the community to continue targeting kiwi predators and reducing the impact of selected weeds on the unique environment at Whāngārei Heads.

A new contestable fund for emergency services of $900,000 a year will be established, replacing the existing rescue helicopter rate and all other funding from Northland's four councils. With the substantial amount of feedback received largely divided on whether to retain the helicopter rate or open funding up to other life-saving organisations by making it fully contestable, this issue alone highlighted the constant tension we face in attempting to get the right balance between affordability, value for money and ongoing improvement.

A new trial bus service for the mid-North area will be established from mid-2016 to help better connect local residents with essential services. This will be funded by a targeted rate on properties near the route.

Improving freshwater management remains a key focus for both central and local government, and this is reflected in the continued growth of our Waiora Northland Water programme. Our planning for the coming decade also includes extra resourcing to support collaborative catchment management groups and collecting data that will enable better decision-making on our region's freshwater resources.

Having established the Te Tai Tokerau Māori Advisory Committee in 2014, we will continue to build on the strong foundations now in place for promoting increased Māori participation and engagement in council decision-making.

The early years of this plan will see development of two important planning documents which will help guide how we manage our region's air, water, soil and coast and reduce the impact of invasive species – the new Regional Plan and Regional Pest Management Plan.

Working with communities is a big part of what we do, from CoastCare groups to river liaison committees, Waiora Northland Water catchment groups to the Enviroschools programme and our many Community Pest Control Areas. Increasing the involvement of Northlanders in our various programmes of work will be a key focus over the coming decade.

Meanwhile, a 5% increase in targeted region-wide rates ($8.68 per household on average) for year one of this plan will enable us to deliver important new initiatives in the services that we deliver for Northland's communities.

Your feedback, whether in support of or opposition to the proposals we put forward in our Consultation Document, has collectively helped us better understand the needs of our communities and balance a range of expectations against the level of rates we need to fund them.

We thank everyone who took the time to put forward their views and help shape this important plan.

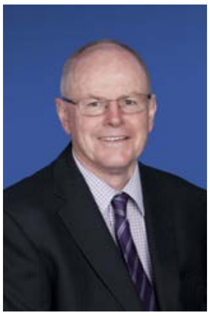
Bill Shepherd

Chairman

Malcolm Nicolson

Chief Executive Officer

Your regional councillors



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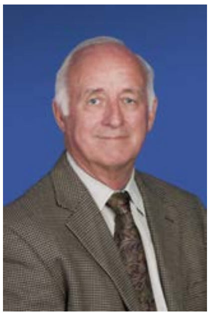

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Council's objectives and vision

About our objectives

As part of its long-term planning processes, the council must consider what contribution it will make to the region, and what that contribution is intended to achieve. The council has considered its role, and identified what outcomes it is seeking for the region.

These council objectives are described below, providing a statement about the direction the council wishes to take in making a meaningful contribution to the region.

The objectives cover:

- what we want the region to be like – this is the set of **outcomes** we want to achieve for our regional community,
- what we want the organisation to be like – this is the set of **values** that underpin the way we conduct our business,
- what we are here to do – this is the set of **focus areas** we have for the activities we are involved in delivering.

This can be illustrated by the following diagram. The council's community outcomes will inform not only its priorities for the activities it is involved in, but also the values by which the organisation will conduct its business. In other words, everything the council plans to do is driven by this set of objectives.

How council objectives are grouped

A number of factors have influenced the direction we have set, including:

- what our communities have told us they want;
- what progress is or is not being made to achieve that;
- issues facing the region;
- national policy mandates and priorities; and
- our own understandings as representatives of our communities.

Community outcomes

Community outcomes means the outcomes that the council aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory services. *(1)*

These are the outcomes we want to achieve for the region:

1. *Northland's overall environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.*
2. *Northland has strong local government leadership ensuring safe and resilient communities.*
3. *Northland is promoted effectively.*

Council values

Our council values set out what we want the organisation to be like – the way we conduct our business:

1. *We are a positive and customer-friendly organisation; and*
2. *We progressively increase the engagement of Northlanders' in our activities.*

Areas of focus

Areas of focus outline the over-arching priorities for the services we deliver. We will:

1. *Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Taitokerau;*
2. *Provide a business-friendly environment;*
3. *Maximise returns to the community from funds invested and effective use of assets; and*
4. *Identify, promote or invest in regionally significant infrastructure.*

The above is presented in the diagram on the next page.

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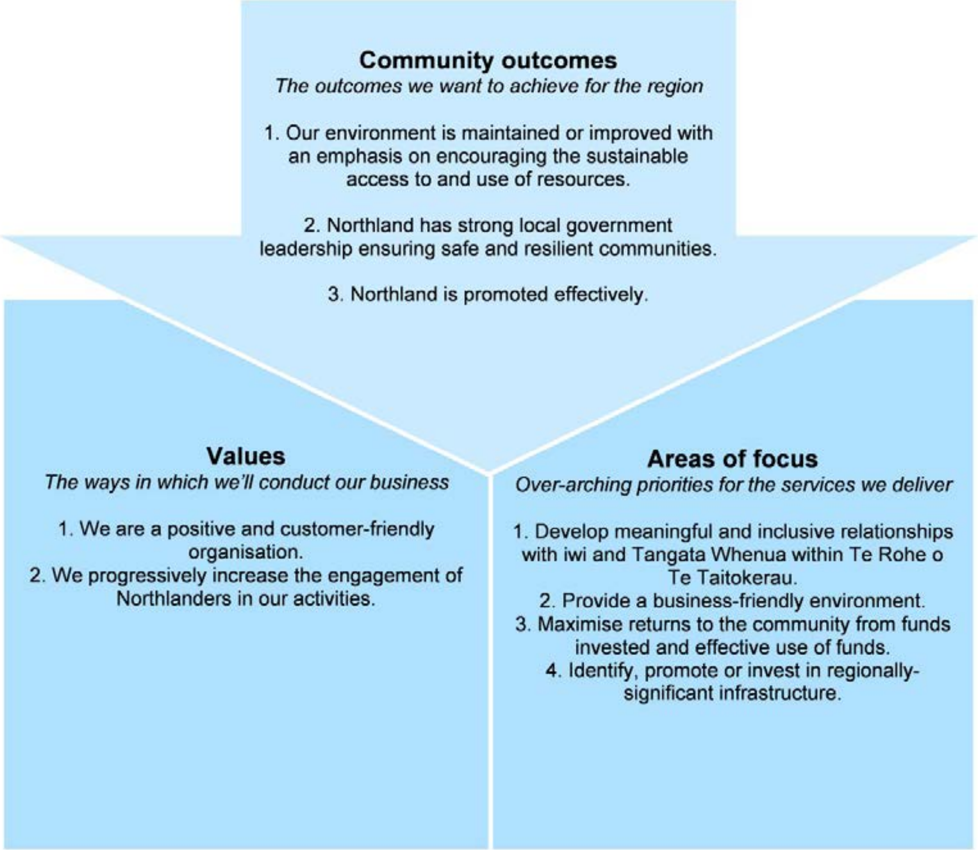
(1) Local Government Act 2002, s.5



Community outcomes

The outcomes we want to achieve for the region

1. Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.

2. Northland has strong local government leadership ensuring safe and resilient communities.

3. Northland is promoted effectively.

Values

The ways in which we'll conduct our business

1. We are a positive and customer-friendly organisation.
2. We progressively increase the engagement of Northlanders in our activities.

Areas of focus

Over-arching priorities for the services we deliver

1. Develop meaningful and inclusive relationships with iwi and Tangata Whenua within Te Rohe o Te Taitokerau.
2. Provide a business-friendly environment.
3. Maximise returns to the community from funds invested and effective use of funds.
4. Identify, promote or invest in regionally-significant infrastructure.

About this plan

WHAT IS A LONG TERM PLAN?

A Long Term Plan is a strategic planning document describing the activities a council will fund and provide to achieve desired outcomes council is seeking for the region over a 10 year period.

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

Each time we update the plan we consult with the community to seek comment/feedback on any proposed changes to our activities, policies, funding, rates and council-controlled organisations.

This plan includes budget projections for all of the council's groups of activities; the impact on the council's funding sources (including the impacts on rates) and the overall financial position for the council over the next 10 years. The plan describes the activities that we deliver, why we deliver them and how these activities contribute to council objectives.

Our Long Term Plan 2015-2025 guides our levels of service and performance and includes the 2015/16 Annual Plan.

In the two years between Long Term Plan updates the council develops an Annual Plan. If there are significant or material changes proposed to what is in the Long Term Plan council will consult with the public. The Annual Plans also cater for differences in any of the financial assumptions made within the long term plan, for example, interest and inflation rates.

We report on what we set out to achieve in these plans via our Annual Report. This is the key accountability document adopted each year by the council. It sets out the differences between budgeted and actual performance for the year. It identifies and highlights the key achievements and levels of performance.

GUIDE TO READING THIS PLAN

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

Section One: Overview

This section includes a description of the Long Term Plan, the consultation that has fed into development of this plan, a summary of council decisions on the key issues for which we sought feedback, the council objectives that underpin the plan, and the Audit NZ opinion on the plan.

Section Two: Groups of activities

This section includes a full description of the council's activities/services (including expenditure/income budgets) for the next ten years and performance measures and targets (including the community outcomes to which the activity grouping primarily contributes) with comparative data from the previous year. It also includes information about the council's council-controlled organisations and its subsidiary, Marsden Maritime Holdings.

Section Three: Rates

This section describes our rating funding impact statement, the different types of rates that fund our activities, how the rates are collected, examples of forecast rates for the coming 2015/16 year, and the rating base information across Northland's three districts.

Section Four: Finances

This section includes our financial strategy, which describes the overall management approach of our financials, and our infrastructure strategy which sets out how we intend to manage flood protection and control works assets. This section also includes our funding impact statement, significant financial forecasting assumptions, prospective financial statements (which show you the cost of services and how the costs are apportioned), and our financial prudence benchmarks.

Section Five: Policies

This section includes our statement of significant accounting policies, and our other financial policies which include the revenue and financing policy, financial contribution policy and rating policies. This section also includes our non-financial policies on the development of Māori capacity, appointment of directors to council organisations, and significance and engagement.

Section Six: User fees and charges

This section includes the full schedules for the council's fees and charges. It includes our charging policy and the charges set out in our Navigation, Water Transport and Maritime Safety Bylaw.

Public feedback and council decisions

ABOUT THE FEEDBACK PERIOD

Following the adoption of our Long Term Plan 2015-2025 Consultation Document on 17 March 2015, a one month public feedback period took place from 24 March to 24 April 2015.

The public feedback period (and availability of the Consultation Document and supporting information) was widely publicised via our website, local newspaper advertising, media releases, radio advertising, social media and our council newsletter *Regional Report* (which is delivered to about 65,000 households across the region). We notified all local authorities within the Northland region and stakeholders on the council's mailing list. We also organised a targeted mailout to ratepayers in the proposed Whāngārei Heads pest management area.

During the feedback period we held three public information meetings, at Kaitāia, Kerikeri and Whāngārei, and our staff and councillors were also invited to present to the Kaikohe Business Association. The Consultation Document was also presented to the Mayoral Forum and Northland Intersectoral Forum, plus council's Te Tai Tokerau Māori Advisory Committee.

We received 1278 submissions on the Long Term Plan 2015-2025 Consultation Document, and 54 submitters took the opportunity to present their views at our public feedback meetings held in Kaitāia, Kerikeri, Kaikohe and Whāngārei.

Council deliberated on submissions on 18 May 2015.

Below is a summary of the council decisions following the public feedback period. It includes the outcome for each of the key issues that council sought community feedback on.

YOUR RATES

Simply maintaining our existing levels of service would result in a zero rates increase. To fund several important new initiatives beyond what we currently deliver on behalf of the community, council will proceed with a 5% increase in targeted region-wide rates (an average of $8.68 per rateable unit) for 2015/16. The majority of those that submitted on this issue supported this approach. For subsequent years, projected increases would be held at around 2.5-3.3% to account for inflation adjustment levels.

New spending affecting targeted region-wide rates for the next ten years will include:

- $74,900 a year to support the work we do with collaborative catchment groups to improve the way freshwater is managed
- $100,000 a year to expand our hydrological monitoring and enable more informed decision making on freshwater resources
- $100,000 a year for pest management at Kai Iwi Lakes and to increase awareness of Kauri dieback disease
- $90,000 a year for community project funding, made up of $25,000 a year for Sea Cleaners, $6,000 a year to Whangarei Native Bird Recovery Centre, and $59,000 a year for Creative Northland (subject to council's approval of its business plan) to support economic growth in the arts sector
- $161,000 a year for fast-tracking projects to improve digital access
- $20,000 a year for a new online feedback platform
- $25,000 a year for customer research.

As proposed, council will help keep rates down by funding the following new spending for the next three years from the Land Management Reserve:

- $125,000 a year extra for the Environment Fund to accelerate the rate of environmental work with landowners
- $24,600 a year to expand our lake monitoring programme
- $5400 to enable better understanding and management of metal-contaminated sites
- $20,000 a year for extra river webcams to monitor flooding
- $100,000 a year to update our land elevation data.

WHĀNGĀREI HEADS PEST MANAGEMENT

Council has decided to establish a new targeted rate of $50.00 a year per rating unit on properties in the Whāngārei Heads area, as proposed in the Consultation Document.

The funding will help ensure that the successful community-led pest management programme is able to continue its work, and will be used for kiwi predator control and targeting of selected weeds.

For detail on which properties fall into the new rating area, see Page 72 in Section Three of this plan.

FUNDING FOR EMERGENCY SERVICES

Council has opted to proceed with creating a fully contestable fund, replacing the emergency services helicopter rate and all other funding from Northland's four councils. Public feedback was divided on whether to retain the helicopter rate, or open funding up to other life-saving organisations by making it fully contestable.

The feedback process highlighted that demand for funding will be higher than what was proposed (an $800,000 fund at $10.68 per household per year). In recognition of this, council has decided to increase the fund's size to $900,000 a year, or $11.84 per household.

For general criteria for the fund, which were included in supporting document to the Long Term Plan 2015-2025 consultation, see Page 26, under the community representation and engagement activity in Section Two of this plan.

Council will invite and assess applications to this fund through a separate process.

BUYING LAND FOR ENVIRONMENTAL BENEFIT

Council recognises the importance of transparency and public accountability and, following the public feedback process, has opted to retain its existing policy requirement for public consultation on proposed non-commercial land purchases over $700,000.

Rather than changing the requirement to consult on potential land purchases for environmental benefit, we will look at other ways to streamline the process and reduce the risk of delaying or losing such opportunities.

FLOOD PROTECTION INFRASTRUCTURE

Council sought public feedback on four major flood risk reduction schemes, and outcomes for each of these are outlined below.

Awanui scheme

A $700,000 project to increase the capacity of Awanui scheme's Whangatane spillway will proceed as proposed in the Consultation Document. This is the more affordable option for the local community, and still leaves the door open for further improvements in future if the community wants it.

The spillway improvements will increase the existing local river rate by about 45%. For more detail on the rateable area, rating categories and amounts, see Page 76 in Section Three of this plan.

Kotuku detention dam (Whāngārei)

To cover cost increases for construction of the Kotuku detention dam, council has decided to proceed as proposed in the Consultation Document - increasing the current rate by about 40% and continuing the rate for 25 years as planned. For more detail on this targeted rate, see Page 80 in Section Three of this plan.

The cost increases are a result of ground condition issues, consequent design variations, and programme extension time-frames. Construction time-frames are now revised for completion during August 2015, so we may be able to consult on reducing the rate in our next Annual Plan once final project costs are confirmed.

Kaeo-Whangaroa

As proposed in the Consultation Document, council will postpone going ahead with Stage 2 of the Kaeo-Whangaroa flood protection works at this stage. This will enable the performance of Stage 1, which was completed in 2013/14, to be monitored and assessed before further decisions are made. For more detail on this targeted rate, see Page 80 in Section Three of this plan.

Kerikeri-Waipapa

Council has opted to proceed with construction of the $2.13M Kerkeri-Waipapa spillway, which is designed to reduce flooding on properties downstream of State Highway 10.

This will initially be funded through an annual rate of $80.04 (including GST) per property over a 10 year period. However, council will consult further with those within the area of benefit with the intention of reviewing this rate to establish a differential rate based on the level of protection received from the flood protection works.

For more detail on the rateable area and rating amount, see Page 79 in Section Three of this plan.

MID-NORTH BUS SERVICE TRIAL

Council will go ahead with a trial bus service for the mid-North area, with the trial expected to commence in mid-2016.

The trial will link the communities of Kaikohe, Ohaewai, Moerewa, Kawakawa, Paihia, Haruru, Kerikeri and Waipapa. It will be funded by a new targeted rate(to start from 2016/17) on properties near the route, with commercial properties to pay a higher rate than residential properties.

Prior to commencing the trial, council staff will refine the route and targeted rating area in consultation with affected communities. While the rate wouldn't be introduced until 2016/17, an indication of the rating area and how much the rate might be is shown in Page 75 in Section Three of this plan.

OTHER DECISIONS

Several other proposals were highlighted in our Consultation Document, with council decisions as follows:

- Continue the Kaitāia bus service (which is funded partially by local ratepayers and partially through ticket sales)
- Continue the Regional Infrastructure Rate for up to two years, allowing time for KiwiRail to release its strategy setting out rail priorities so council is in a better position to consider options going forward

- Increase the Whāngārei Bus Rate by $0.90 cents a year to cover Total Mobility administration costs (instead of it coming from region-wide rates), and rename it the Whāngārei Transport Rate
- Establish a new sporting infrastructure rate after Whāngārei's Events Centre has been paid of in 2018/19, in consultation with the community via the Long Term Plan 2018-2028 process
- No further work on public transport options for Dargaville at this stage, as there appears to be little support for it in the local community
- Continue to support a trial bus service linking Hokianga and Kaikohe
- Adopt fees and charges as proposed in the Long Term Plan 2015-2025 consultation supporting document
- Adopt the Navigation, Water Transport and Maritime Safety Bylaw charges as proposed in the Long Term Plan 2015-2025 consultation supporting document
- Adopt the council objectives and vision as proposed in the Consultation Document and supporting information (see Page 7 in Section One of this plan)
- Transfer $1.7M a year of council's investment income into the Investment and Growth Reserve with the balance used to fund council activities, as proposed in the Consultation Document.

About our region

Our region

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

Northland is a long, narrow peninsula with a subtropical climate. It has a land area of 13,286 square kilometres (including freshwater bodies). 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 continues to grow and is estimated to be 166,000 at June 2014. The largest ethnic group is New Zealand European, comprising almost 70% of Northland's population. However, Northland has a large Māori population, accounting for 30% of the Northland population compared to just 14% nationally. The largest five-year age group in Northland is 5-9 year olds (7.4% of Northland's population compared to 6.8% nationally). We also have a significant number of older people – 18.2% of people in Northland are aged 65 years and over compared with 14.4% of the total New Zealand population.

Our culture

Northland has a rich history as the first area settled by a large Māori population and the centre of early European exploration and settlement. There is an extensive range of traditional and archaeological sites, historic buildings and structures. Traditional sites are important because of their historical, cultural and spiritual significance to Māori. This includes everyday sites such as pā sites and traditional food gathering areas, and wāhi tapu (sacred sites) such as urupā (burial grounds), war sites or tauranga waka (sites where ancestral canoes landed).

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

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.

Our economy

Northland has a diverse economy. Manufacturing (including the Marsden Point Oil Refinery) is the largest level 1 industry in the region, accounting for around 24% of Northland's Gross Domestic Product (11% nationally). The primary sector (agriculture, forestry, mining and fishing) contributes about 10% (5.3% nationally) followed by health care and social assistance (7%).

In the five years prior to the 2008-2011 recession Northland's economy had been growing in line with the national economy, which was an improvement on past years. However, Northland's economy has struggled to recover from the recession. Economic output in Northland is estimated to have increased by just 0.4% per annum over the five-year period 2009-14. By comparison, over the same period, the national economy is estimated to have grown by 1.6% per annum.

However the Northland economy, as measured by GDP, is estimated to have grown by 2.2% in the year ended March 2014 to $5.9 billion (2010 prices). This is equivalent to 2.8% of the New Zealand GDP. Moreover, it is estimated that $3.1 billion, or 4.8% of total goods and services exported from New Zealand, originated in Northland in the year ended March 2014. Northland is ranked fourth out of the sixteen regions in terms of export orientation (value of exports to GDP).

The number of people unemployed in Northland has fallen over the past year, dropping by about 1000 persons from 7400 in 2013 to 6400 in 2014, equivalent to almost 8% of the labour force. The current level and rate of unemployment in Northland is twice as high as in 2007 and similar to the rates that existed in the late 1990s/early 2000s. Since early 2008, the biggest decreases in employment have occurred in the construction, retail trade, manufacturing and accommodation and food services industries.

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 3650km² (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.

Our infrastructure

The present transportation network includes 750 kilometres of state highways and around 5880 kilometres of local roads (60% unsealed), a rail link from Auckland via Whāngārei to Otiria, a deep-water port at Marsden Point and commercial airports at Whāngārei, Kerikeri and Kaitāia. Public transport services are available in urban Whāngārei and between Kaitāia, Mangōnui and Ahipara. The Marsden Point Oil Refinery is a nationally significant asset, providing about 40% of New Zealand's energy needs, including: all jet fuel, all fuel oil for ships, nearly 80% of diesel, between 75-85% of bitumen for roading, around 50% of all petrol, and sulphur for farm fertiliser.

The Northport deep-water port offers a number of opportunities. The majority of cargo through the port is timber-related, fertiliser or cement, with kiwifruit as a seasonal addition. A rail link between the port and the main trunk line is in development with land purchases and designations complete. Further progress has been postponed while KiwiRail investigates the economic viability of the Northland-Auckland rail line.

Kerikeri airfield has customs clearance services available and is within flying distance for light aircraft arriving/departing from New Zealand to Norfolk Island, Noumea in New Caledonia or Lord Howe Island, which can be used as a stepping stone to the Australian mainland. Kaitāia airport has the longest sealed runway in Northland (1405m) and Kaikohe airfield has the longest grass runway in Northland (1500m).

We also have 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. There are plans to expand geothermal power generation at Ngāwhā, and wind power options are under investigation on the Poutō Peninsula and at Ahipara. All these options still need to go through the resource consenting process.

As part of a central government programme, an ultra fast broadband network was completed in Whāngārei in May 2014. This provides ultra fast broadband coverage to over 19,000 homes and businesses in Whāngārei. The government has announced additional contestable funding of up to $210 million to extend fibre-optic cable coverage, with Kaitāia, Kaikohe and Kerikeri mentioned as towns that could be "strong contenders".

About our key planning documents

REGIONAL POLICY STATEMENT

The Regional Policy Statement provides the framework for managing resources of our region in a sustainable way. People depend on a healthy environment and the benefits it provides for their well-being and long-term economic success.

The council manages the region's natural and physical resources for community use and enjoyment today and into the future by working with others and using efficient processes. Through the Regional Policy Statement we focus on the regionally significant issues that need attention and the overall Northland framework for resource management.

Our aim is to ensure our resources are well governed and managed to meet the needs of Northlanders, to provide for their environmental, cultural, social and economic values, and get the greatest long term benefits. We enable development but also safeguard the environmental bottom lines and Northland's special places and the things we value.

Within the policy statement we must give effect to the government's directions set down in national policy statements. The Regional Policy Statement is then given effect through Northland's regional and district plans by implementing the direction set down.

We have now developed a new Proposed Regional Policy Statement for Northland. Key to the development of this new Proposed Regional Policy Statement has been tangata whenua and public participation and engagement to ensure that we strike the right balance between use, development and protection. This balance needs to ensure that we are able to provide for our own well-being today while ensuring there are sufficient resources available for future generations to provide for theirs.

Our regional planning documents are therefore intended to enable activities that have minor adverse effects to be carried out with minimal controls, cost effectively, while providing greater guidance and direction (including the requirement to get a resource consent) for activities that could produce a greater negative environmental, social, cultural or economic effect.

Managing Northland's natural and physical resources is a complex task. We define, design and implement tools to change behaviour to achieve council objectives. Effective resource management in Northland therefore involves a mixture of advocacy, education, encouragement, regulation, economic instruments, and other forms of intervention.

REGIONAL COASTAL PLAN

The Regional Coastal Plan covers the region's "coastal marine area", which is the area from mean high water springs to the 12 nautical mile (22.2 km) limit of New Zealand's territorial sea. The purpose of the regional coastal plan is to assist the council, in conjunction with the Minister of Conservation, to promote the sustainable management of resources in the coastal marine area.

The Regional Coastal Plan for Northland manages the following activities:

- Structures (e.g. wharves and boat ramps)
- Reclamation and impoundment
- Discharges to water
- Dredging
- Moorings and marinas
- Aquaculture.

It does not cover fisheries management. This is dealt with separately by the Ministry of Fisheries.

Our Regional Coastal Plan was reviewed in 2014 as required under the Resource Management Act and will be replaced with a combined Regional Plan.

REGIONAL AIR QUALITY PLAN

The Regional Air Quality Plan applies to air in the whole of the Northland region, excluding the coastal marine area. The plan identifies the significant air quality issues and sets out policies and rules so that these will be managed. Air quality in the coastal marine area is managed through the Regional Coastal Plan for Northland.

The Regional Air Quality Plan for Northland applies to all types of discharges to air including:

- Agrichemical spray application
- Abrasive blasting
- Burning of fuel or waste
- Odour
- Industrial pollution
- Dust.

Our Regional Air Quality Plan was reviewed in 2014 as required under the Resource Management Act and will be replaced with a combined Regional Plan.

REGIONAL WATER AND SOIL PLAN

The Regional Water and Soil Plan covers the effects of land use activities on water and soil in Northland above the line of mean high water springs. This plan is important for our region considering that we have 1.26 million hectares of land, 26,700 km of rivers and 3480 hectares of natural lake area to manage. The Plan identifies the significant water and soil issues faced by Northlanders and seeks to address these through the policies and rules. It also proactively promotes a programme of environmental education, advocacy, information provision and advice.

The Regional Water and Soil Plan for Northland covers the following activities:

- Discharges to land such as landfills, rubbish dumps and tips, sewage, stormwater, agricultural discharges, industrial and trade discharges
- Discharges to water
- The taking, using, damming or diverting of surface and groundwater
- Building and modifying structures in river and lake beds
- Introducing plants to river and lake beds
- Drainage and river control activities
- Earthworks
- Vegetation clearance
- Activities within the Riparian Management Zone along rivers, lakes, and the coastal marine area.

Our Regional Water and Soil Plan was reviewed in 2014 as required under the Resource Management Act and will be replaced with a combined Regional Plan.

REGIONAL LAND TRANSPORT PLAN

The Northland Regional Land Transport Plan 2015-2021 is a combined strategic transport plan and funding programme for Northland's transport. Legally, Northland must produce a Regional Land Transport Plan every six years and a review must take place at the third year.

The document has seven outcomes that have been developed to help us plan the priorities we need to focus on. They are:

1. A sustainable transport system that supports the growth and existing economic development of Northland and New Zealand.
2. All road users are safe on Northland's roads.
3. Northland is well connected to Auckland and to the rest of New Zealand.
4. Northland's road network is developed and maintained so that it's fit for purpose.
5. Our people have transport choices to access jobs, recreation and community facilities.
6. The transport system enhances the environmental and cultural values of Northland.
7. Effective ports servicing Northland and New Zealand.

Key projects included in the programme include:

- Safety and resilience improvements on transport corridors
- Intersection improvements
- Bridge improvements
- Dust mitigation on unsealed roads.

REGIONAL PUBLIC TRANSPORT PLAN

The Northland Regional Public Transport Plan 2015-2025 is a strategic document that outlines how the development and operation of public transport and total mobility services in the region will be undertaken over the next 10 years. It includes:

- Details of public transport and total mobility services operating in the region
- Required levels of service and performance standards for these services
- Funding for these services.

The Plan must be reviewed after three years and is current for 10 years.

CIVIL DEFENCE EMERGENCY MANAGEMENT PLAN

The Civil Defence Emergency Management Plan demonstrates how we deliver civil defence emergency management activities within the region over the next 5 years. In support of its mission "Working together to create resilient communities in Northland", the plan has four key goals:

1. Increasing community awareness, understanding, preparedness and participation in civil defence emergency management; through public education initiatives and community-led civil defence emergency management planning.
2. Reducing the risks from hazards in Northland; by improving the Group's understanding of hazards and by developing and monitoring a Group-wide risk reduction programme which demonstrates how individual agency initiatives contribute to overall regional risk reduction.
3. Enhancing capability to manage civil defence emergencies; through increasing the number and capability of civil defence emergency management staff and by having effective plans, systems and procedures in place to respond to emergencies.
4. Enhancing capability to recover from civil defence emergencies; through a continued focus on Recovery Plans, Professional Development and Exercises.

The plan will be reviewed in 2015.

REGIONAL PEST MANAGEMENT STRATEGIES

The Regional Pest Management Strategies are an action plan that describes why - and how - plant, animal and marine pests will be controlled in Northland. The Strategies aim to educate landowners and the wider public about the threats potential pest species pose and ways to stop these pests reaching Northland.

Where a pest is already established here, the Strategies offer a number of options to reduce the threat (or threats) it poses. These include:

- Publicity and promotion
- Advice to individual landowners
- Regulation-including enforcement
- Control by the council (either directly or by using contractors)
- Joint agency agreements
- Support for Community Pest Control Areas.

The existing strategy was adopted in 2010. As there is a requirement to review the strategy every five years, a new proposed 'Regional Pest Management Plan' is currently being prepared. This plan will also include a 'pathway' plan that specifically aims to tackle marine pests, which is a new tool enabled under the Biosecurity Law Reform Act 2012.

RIVER MANAGEMENT PLANS

The Priority Rivers Flood Risk Reduction Project identified 26 river catchments where the risks of flooding were unacceptable to the communities and essential infrastructure.

Five of the river catchments were being managed when this project began; the remaining 21 priority river catchments have had river management plans developed which assessed the potential flood risks and identified potential mitigation options in order to reduce the impacts of flooding on our communities.

The plans have been developed using a common methodology for hydrologic and hydraulic modelling, risk management and option identification. This allows for a consistent approach to river management to be applied throughout the region.

The river management plans are intended to be living documents that will evolve over time to assist in guiding future development within the catchment, whilst retaining and improving on the natural river environment with a basis for considering flood risk reduction initiatives.

MARINE OIL SPILL CONTINGENCY PLAN

The Northland Marine Oil Spill Contingency Plan details the council's response to oil spills in the marine environment. The primary objectives of this contingency plan are:

- to prevent further pollution from the marine oil spill; and
- to contain and clean up the marine oil spill in a manner that does not cause further damage to the marine environment, or any unreasonable danger to human life, or cause an unreasonable risk of injury to any person.

The plan includes specific objectives about timeframes for evaluating reported oil spills, mobilising an appropriate response operation and commencing clean-up operations. The plan must be reviewed every 3 years with the next review undertaken in 2017.

Independent Auditor's Report

To the reader
Independent auditor's report on Northland Regional Council's 2015/25
Long-Term Plan

I am the Auditor-General's appointed auditor for Northland Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 16 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and coordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 164 to 167 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.(2)

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;
- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and

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2 *The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.*

- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Karen MacKenzie, Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand

SECTION TWO: GROUPS OF ACTIVITIES

Overview of our activities

The Northland Regional Council delivers a range of services. Some services are required to be delivered by law but we also choose to deliver other services as we believe they are important to achieving good outcomes across the Northland region.

This document sets out the services we intend to deliver over the 2015-2025 period, as well as:

- Performance measures that enable the public to assess the *level* of service we intend to provide, e.g. the quantum, quality or extent of the service that you can expect, and our targets. We provide these for the ***major*** aspects of the activity (the council also undertakes comprehensive internal monitoring on the delivery of non-major service aspects).
- Any intended changes from the previous year and the rationale for those.
- The reason for any material change to the *cost* of a service.

This information tells you what value you receive in return for your money.

This information is supported by a set of detailed activity management plans (available on request).

Our services are grouped into the following activities:

1. **Community Representation and Engagement**
2. **Resource and Catchment Management**
3. **River Management**
4. **Hazard Management**
5. **Economic Development**
6. **Transport**

Notes to readers:

For each performance measure we have provided the most recent performance result available to enable readers to compare how our future targets compare to our current performance. Where we have new measures, the results were not included in the council's last Annual Report and have not therefore been audited by the council's external auditors.

Community representation and engagement

The Northland community is represented by nine councillors to make decisions for the Northland Regional Council. The council is divided into seven constituencies across Northland region. Community representation is as follows:

- Te Hiku – one member
- Coastal North – two members
- Hokianga-Kaikohe – one member
- Coastal Central – one member
- Whāngārei Urban – two members
- Coastal South – one member
- Kaipara – one member

Northland Regional Council has seven committees to assist it to achieve its purpose in governing within its legal mandate. The community representation and engagement activity guides the council's operations in accordance with the requirements of the Local Government Act 2002.

This group includes the **community representation and engagement** activity.

WHY WE PROVIDE COMMUNITY REPRESENTATION AND ENGAGEMENT AND HOW IT CONTRIBUTES TO COUNCIL OUTCOMES

The community representation and engagement activity primarily contributes to the following council outcomes, values and areas of focus:

- Our environment is maintained or improved, with an emphasis on encouraging sustainable access to, and use of, resources.
- Northland has strong local government leadership ensuring safe and resilient communities.
- Northland is promoted effectively.
- We are a positive and customer-friendly organisation.
- We progressively increase the engagement of Northlanders in our activities.
- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Tai Tokerau.
- Provide a business friendly environment.
- Maximise returns to the community from funds invested and effective use of assets.
- Identify, promote or invest in regionally significant infrastructure.

Community representation through elected councillors is the central part of the democratic process and is dictated by statutory requirements. Essentially the role of elected members is to provide good governance over the functions and responsibilities of the Northland Regional Council. The Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, the Local Electoral Act 2002 and other relevant legislation sets out the role of elected members and places obligations relating to the conduct of regional council business. These obligations are designed to ensure that the council:

- Conducts its business in an open, transparent and democratically accountable manner; and
- Gives effect to its identified priorities and desired outcomes in an efficient and effective manner.

As policy-maker for the council the councillors play an instrumental role in contributing to the council outcomes through understanding and representing the views of the region and encouraging the participation of others in our decision-making. Having transparent decision-making processes that are easily understood helps to encourage community participation. The council will continue to provide opportunities for Māori to gain knowledge of council processes and to support avenues for Māori to participate in the decision-making processes. The council will also continue to recognise the special relationship Māori have with the natural and physical resources of the region. Council hopes to build a strong governance relationship with the iwi authority governance representatives that will see us broadening our relationship and engaging directly around major issues, proposals and consultations.

1.1 COMMUNITY REPRESENTATION AND ENGAGEMENT

Levels of service, measures and targets

1.1.1 Maintaining effective, open and transparent democratic processes.
Providing leadership and quality decision-making on behalf of the Northland region.

How we'll measure our performance	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
Percentage of the community surveyed that is satisfied with the way council involves the public in the decisions it makes.	New measure	Establish baseline	Maintain/increase		
Percentage of council's ordinary meeting agendas and minutes made available on the council website (agenda three days prior to council meetings and minutes 14 days post council meetings).	New measure	100%			

1.1.2 Providing effective advocacy on behalf of Northlanders on matters of regional significance.

1.1.3 Support and deliver environmental education initiatives.
Fostering sustainable environmental behaviour will lead to positive action, improved environmental outcomes and improved quality of life for Northlanders.

How we'll measure our performance (1)	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
Percentage of schools participating in the Enviroschools programme.	47%	Maintain/increase			
Number of students participating in Enviroschools projects: • Project Possum Stage 1. • Wai-fencing.	68 71	Maintain/increase Maintain/increase			

1.1.4 Promote community engagement.
Increase the involvement of Northlanders in council activities.

How we'll measure our performance	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
Number of people participating in each of the following: • CoastCare groups. • Community Pest Control Area Groups.	New measure	Maintain/increase			
Representation of key community interests on Waiora Northland Water Catchment Management groups and River Management Liaison Committees.	New measure	Maintained in accordance with respective committee/group terms of reference.			
Number of collaborative community engagement groups.	New measure	Maintain or increase			

1.1.5 Provide funding to a select group of community projects.
Providing financial support to select community initiatives where there is a demonstrable benefit to Northlanders that would otherwise not be viable.

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1 *These results have not been externally audited by the council's auditors.*

1.1.6 Provide contestable community funding to volunteer emergency services. Funding legitimate community needs allows beneficial services to be introduced or maintained where they may otherwise be reduced or ceased.					
How we'll measure our performance	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
Percentage of funding allocated that complies with the council's agreed allocation criteria.	New measure	100%			

Changes to levels of service

There are a number of changes to this activity. Of these, one is a new service (see 1.1.5 below).

Service	Type of change	Change
1.1.1	Replacement of performance measures	The 2012-22 performance measures of "the number of submissions received on the council's long term plans and annual plans" and "time to respond to submitters post adoption of annual plans and long term plans" are replaced with the measures in the table above. The intention of this change is to use more relevant and meaningful information.
1.1.2	Removal of performance measure	The 2012-22 measure on the level of advocacy undertaken has been removed as it is considered more appropriate to be monitored internally as a management matter.
1.1.3	New performance measures	Two new performance measures for the environmental education service are included to monitor the existing environmental education services provided. This is not a new service.
1.1.4	New performance measures	Three new performance measures for community engagement services are included to monitor the existing services provided. This is not a new service.
1.1.5	A new non-contestable fund of community projects	A new non-contestable fund of $90,000 per annum for 10 years (reviewed after three years) is provided. This will support three projects that we believe provide benefits to the region and align with our core objectives. This includes funding for the following: • Arts sector ($59,000) ; • Sea cleaners ($25,000); • Robert Web Bird Recover ($6,000). Refer to the 'Key Issues' section for more information.
1.1.6	Change to service and new performance measure	The 2012-22 Long Term Plan provided funding to help fund a regional rescue helicopter service. This service has changed to provide contestable funding for emergency services more broadly and increase the amount of funding available to $900,000. A performance measure has been added to reflect this new approach. Criteria for accessing the funding are set out below.

Changes to the cost of delivering services

As noted above, we, in agreement with the district councils, are changing the way that our funding is allocated to emergency services across Northland. The existing rescue helicopter rate will be disestablished and replaced with a rate for a single contestable fund that's open to all eligible emergency services. The contestable fund will be set at $900,000 a year – an increase of $300,000 from the funding provided for the rescue helicopter. The implications of this proposal are that the cost of delivering the service would increase to $11.84 per rateable household, an increase of $3.81 per annum.

As also noted above, the council is also introducing a non-contestable community projects fund to the value of $90,000 for 10 years (reviewed after three years). Creative Northland already receives $50,000 of funding therefore the change to the cost of this service involves an additional $40,000.

Significant negative effects

There are no **significant negative effects** anticipated from delivering the community representation and engagement activity.

Criteria for contestable emergency services funding

The high-level guiding criteria for the contestable emergency services funding are set out below.

- It is available to emergency service organisations that have a significant part of their activities undertaken by volunteers;
- The purpose of the organisation must primarily be the saving of human life that is in immediate or critical danger or responding to serious injury;
- The funds must be applied to the provision of services within Northland;
- Fund recipients must undertake not to approach the region's district councils for funding during the term of the agreement;
- The total funded is for a three-year period with the annual amount funded being flexible, to suit the recipient's requirements;
- The fund can be for capital or operational expenditure;

Funds are granted subject to satisfactory financial and service performance reports, as agreed between the council and the recipient, and reported against pre-agreed measures and targets.

A two-stage application process will be used with the first stage to determine the eligibility of applicants and which of these will receive funding, while the second stage will consider the specific financial requests, proposed measures and targets, and business case. This will determine the funds allocated for the three-year period.

Funding impact statement for community representation and engagement

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	1,908,146	2,921,464	2,979,133	3,040,588	3,106,639	3,177,745
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	-	59,652	59,652	59,652	59,652	59,652
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,908,146	2,981,116	3,038,785	3,100,240	3,166,291	3,237,397
Applications of operating funding						
Payments to staff and suppliers	2,329,164	3,502,360	3,779,063	3,701,295	3,731,631	3,976,188
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	681,386	658,146	680,796	691,932	693,293	700,238
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	3,010,550	4,160,506	4,459,860	4,393,227	4,424,924	4,676,425
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(1,102,404)	(1,179,390)	(1,421,075)	(1,292,987)	(1,258,633)	(1,439,028)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	-	-	-	-	-	-
To replace existing assets	-	-	-	-	-	-
Increase/(decrease) in reserves	(171,876)	-	-	-	-	-
Increase/(decrease) in investments	(930,528)	(1,179,390)	(1,421,075)	(1,292,987)	(1,258,633)	(1,439,028)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,102,404)	(1,179,390)	(1,421,075)	(1,292,987)	(1,258,633)	(1,439,028)
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	1,102,404	1,179,390	1,421,075	1,292,987	1,258,633	1,439,028
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
3,254,356	3,336,751	3,425,601	3,521,196	3,620,460	Targeted rates
-	-	-	-	-	Grants and subsidies for operating purposes
59,652	59,652	59,652	59,652	59,652	Fees and charges
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
3,314,008	3,396,403	3,485,253	3,580,848	3,680,112	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
3,902,086	3,935,545	4,194,194	4,140,696	4,182,798	Payments to staff and suppliers
-	-	-	-	-	Finance costs
714,285	736,962	770,851	792,852	815,398	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
4,616,371	4,672,508	4,965,046	4,933,548	4,998,196	TOTAL APPLICATIONS OF OPERATING FUNDING
(1,302,363)	(1,276,104)	(1,479,792)	(1,352,700)	(1,318,084)	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
-	-	-	-	-	To improve levels of service
-	-	-	-	-	To replace existing assets
-	-	-	-	-	Increase/(decrease) in reserves
(1,302,363)	(1,276,104)	(1,479,792)	(1,352,700)	(1,318,084)	Increase/(decrease) in investments
(1,302,363)	(1,276,104)	(1,479,792)	(1,352,700)	(1,318,084)	TOTAL APPLICATIONS OF CAPITAL FUNDING
1,302,363	1,276,104	1,479,792	1,352,700	1,318,084	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

Resource and catchment management

Our natural and physical resources play a significant part in our economic prosperity, health, environmental values and cultural identity. We aim to work with our communities to ensure resources are well managed and to give effect to legislation and national policy direction in a way that best meets the needs of Northlanders and Northland.

Effective resource management involves setting goals and striving to achieve them through a mix of advocacy, education, advice, regulation, economic assistance, enforcement and other forms of intervention. This is a complex task requiring recognition of the social, economic, environmental and cultural effects of various intervention options – resource management also relies heavily on working with others as we cannot achieve these goals alone.

This group includes the following activities:

- **Consents** – providing consents advice and processing resource consents.
- **Monitoring** – monitoring and enforcing resource consent conditions, responding to complaints about alleged breaches of the Resource Management Act, and collecting data to assess the state of the environment and monitor effectiveness of plans.
- **Land and biodiversity** – promoting sustainable land management practices and maintaining the variety of Northland's indigenous life forms.
- **Planning and policy** – reviewing and developing regional plans, policies and strategies that support efficient and effective management of Northland's natural and physical resources.
- **Biosecurity** – managing plant pests, animal pests and marine pests (including control and/or eradication) to minimise their adverse effects on the region's biodiversity, primary production, economy and environment.

WHY WE PROVIDE RESOURCE MANAGEMENT AND HOW IT CONTRIBUTES TO THE COUNCIL OUTCOMES

The resource management activity primarily contributes to the following council outcomes, values and areas of focus:

- Our environment is maintained or improved, with an emphasis on encouraging sustainable access to, and use of, resources.
- Northland has strong local government leadership ensuring safe and resilient communities.
- We are a positive and customer-friendly organisation.
- We progressively increase the engagement of Northlanders in our activities.
- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Tai Tokerau.
- Provide a business friendly environment.
- Maximise returns to the community from funds invested and effective use of assets.
- Identify, promote or invest in regionally significant infrastructure.

Our natural and physical resources are a large part of who we are and what makes Northland special – these resources are also the building blocks for the well-being of Northlanders as our economy relies heavily on primary industries such as farming, exotic forestry and horticultural land uses. Resource management requires a regional approach to ensure significant issues are tackled in an integrated, coordinated, comprehensive, cost effective and forward looking manner.

The regional planning documents and the processes used to develop and implement them provide the basis for the long term management of the region's natural and physical resources to maximise benefits, minimise conflict and allocate resources efficiently while ensuring environmental outcomes and the needs and values of Northlanders are met. The council's consenting, monitoring, biosecurity, and land and biodiversity functions implement the plans and measure our progress towards outcomes sought. Our plans and implementation processes also ensure statutory responsibilities under legislation such as the Resource Management Act 1991 and the Biosecurity Act 1993 and associated national policy and standards are met.

We are committed to ensuring our processes and procedures create a business friendly environment and will review them regularly to identify opportunities for improvement. The lessons learnt in consenting and other council processes informs its strategy, planning and policy development and we will continue to work with the business community to identify process improvements and how best to implement them within the legislative framework we must work within. Where these opportunities require changes to our planning documents these will occur where possible with other plan changes, in a timely and cost effective manner, making the most of planned consultation with our communities.

2.1 CONSENTS ACTIVITY

Levels of service, measures and targets

2.1.1 Efficient and effective processing and administering of resource consents. Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of all resource consent applications that are processed within the statutory timeframes.	100%	At least 98%.			

2.1.2 Creating a business-friendly environment.

2.1.3 Providing advice and responding to enquiries on consent and plan requirements.

Changes to services

1. The 2012-22 Long Term Plan service which involves processing all bore permits within five working days is withdrawn. Currently under the RMA the council has up to 20 working days to process bore permits. The five working day level of service recognised that these permits are typically easy and quick to process and that applicants often seek them urgently. Although we have been processing the majority of bore permits within the five working day period, we have not been able to achieve the 100% target to date. However, all bore permits have been processed within the statutory timeframe. The danger with missing the current service target is that our processing of such applications could be perceived as being inefficient or not up to standard, when that is not the case. We have therefore removed this as a service target, but include it as an objective/target in our internal consents quality system. This should still ensure that bore permits are processed in a timely manner and typically well less than the 20 working day period currently provided by the RMA.
2. The council is expecting an increased demand for its resource consent services, including for farm water takes and administration of the dam safety scheme. It is not expected however that there will be a sudden increase in the demand for these services and, therefore, initially this will be managed through reallocation of existing staff resources and the use of consultants to process consent applications.

Changes to the cost of delivering services

There are no material changes to the cost of delivering the consenting services.

Significant negative effects

There are no significant negative effects on well-being from the Consents activity at the regional level, although the effects on individuals may be significant to them. Effects on community well-being are assessed during the development and reviews of the council's major planning documents and on a case-by-case basis for individual resource consent applications. The overall objective of this activity is to achieve the sustainable management of the region's natural and physical resources which means striking the right balance between the use, development, and protection of resources for the benefit of current and future generations. There are costs and benefits in attempting to do this and they are explicitly factored into the goals and the management approaches chosen.

2.2 MONITORING

Levels of service, measures and targets

2.2.1 Maintaining and enhancing water quality in our rivers and coastal waters. Consented activities with the potential to impact on water quality should operate within their consent limits and permitted activity dairy farms should comply with the rules, which are put in place to avoid/remedy/mitigate adverse effects on the environment.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of significant non-compliance events for all annually monitored resource consents.	8%	Less than 15% of monitoring events			
Percentage of significant non-compliance events for permitted farm dairy effluent activities monitored that year.	29%	Less than 15% of monitoring events			

2.2.2 Efficient and effective compliance monitoring of resource consents. The community expects that consent conditions will be met so that the environment is protected.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of consents for industrial, municipal sewage and farm discharges and major water takes requiring monitoring that are monitored as per the council's consent monitoring programme.	86%	100%			
Percentage of consents for minor to moderate-scale activities requiring monitoring that are monitored as per the council's consent monitoring programme.	New measure	80%			
Percentage of occasions that appropriate action is taken to rectify significant non-compliances.	96%	100%			

2.2.3 Efficient and effective response to and resolution of reported environmental incidents. To ensure timely and appropriate response to environmental incidents that has the potential to result in significant environmental effects.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of incidents reported to the environmental hotline, where more than minor environmental effects have been confirmed, that are resolved within 30 working days.	89%	80%			

2.2.4 Providing a waste hazardous chemical collection and disposal service.

2.2.5 Providing information on potentially contaminated land.

2.2.6 Monitoring water quality for swimming and shellfish collection.
The community should be well informed about the suitability of water bodies for swimming and shellfish food collection to prevent ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of times weekly faecal indicator bacteria level monitoring is undertaken at 50 (or more) swimming sites from late November to late February.	New measure	100%			
Percentage of times weekly faecal indicator bacteria level monitoring is undertaken at 15 (or more) popular shellfish collections sites from late November to late February.	New measure	100%			
Percentage of times the above monitoring is published on the council's website (or LAWA website) within five working days.	New measure	100%			

2.2.7 Monitor the life-supporting capacity of water, in-stream uses and values.
Having healthy rivers supports our region's biodiversity and is a community expectation.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Frequency of monitoring the macroinvertebrate community index (MCI) at 10 regionally representative sites.	Annual monitoring achieved	Annually			

2.2.8 Maintaining a high standard of ambient air quality.
The community expects that air quality will be maintained to acceptable levels.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of air sheds meeting the national environmental standards.	100%	100%			

Changes to services

1. There is an increase to the service levels in this activity. This increase involves collecting increased information (more samples or undertaking more surveys) on lake ecology and soil quality. More specifically:

    a. Expanding our existing lake monitoring programme for three years by undertaking new pest fish surveys and more regular submerged plant indicator surveys for those lakes with deteriorating water quality. This work will help the council to manage the lakes to reduce their deteriorating water quality and biodiversity values.
    b. Expanding our soil monitoring programme to establish background levels of a range of metals in Northland's soil for which there is currently little information. This information will help in the management of metal-contaminated sites in Northland.

2. A small increase in service to improve the resolution of environmental incidents reported to the council's environmental hotline, where the resolution rate within 30 working days increases from a target of 70% to 80%.

3. A number of performance measures have changed to more appropriately measure the major aspects of the activity. Measurement of services 2.2.6 and 2.2.7 are now focused on the service that the council delivers rather than the outcome intended to be achieved, which is beyond the complete control of the council. These do not reflect changes to the levels of service provided.

4. The wording of other measures and targets has also changed to a minor extent. These do not reflect changes to the levels of service provided – refer 2.2.1.

Changes to the cost of delivering services

Changes to the cost of delivering these services are as follows.

1. The increase in service levels noted above will result in the following changes to costs:

- Monitoring additional soil sites will cost an additional $5400 for three years.
- Additional lake and fish surveys will cost an additional $25,000 for three years.

Both increases will be funded from the Land Management Reserve.

2. The replacement of assets and acquisition of new assets will enable the council to deliver services more efficiently and safely. The budgeted capital cost is approximately $503,000 over 10 years.

Significant negative effects

As above, there are no significant negative effects on well-being from the Monitoring activity at the regional level, although the effects on individuals may be significant to them. Effects on community well-being are assessed during the development and reviews of the council's major planning documents and for individual resource consent applications. The overall objective of this activity is to achieve the sustainable management of the region's natural and physical resources which means striking the right balance between the use, development, and protection of resources for the benefit of current generations and future generations. There are costs and benefits in attempting to do this and they are explicitly factored into the goals and the management approaches chosen.

2.3 LAND AND BIODIVERSITY

Levels of service, measures and targets

2.3.1 Promoting sustainable land management especially water quality, biodiversity, soil conservation and coastal environments.

2.3.2 Provision of farm water quality improvement plans (improvement plans).
Environment Fund funding grants are provided to landowners to assist fund activities undertaken by the landowners to achieve improved sustainable land management. Funding grants for farming activities are conditional on those landowners having a regional council improvement plan, or industry equivalent plan, developed (with the exception of minor landholdings that would not benefit from such a plan).

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Number of Environment Fund applications granted annually.	181	Maintain or increase			
Number of farm water quality improvement plans produced by proactively targeting priority areas requiring water quality improvements annually.	140	More than 80 improvement plans produced in each year			
Number of wetland (including Top 150 Wetland) enhancement and protection projects funded via the Environment Fund annually.	New measure	Establish baseline	Maintain or increase		
Number of soil conservation projects funded via the Environment Fund annually.	New measure	Establish baseline	Maintain or increase		

2.3.3 Increased protection and improvement of regionally significant spaces.

Changes to services

As part of the services above, we provide an Environment Fund which helps people enhance and protect the region's natural environment. It is provided through five different funding streams with projects funded at up to 100% of their total costs. The Environment Fund will increase by $125,000, taking the total fund amount to $800,000 a year for the next three years.

There are four new performance measures for the Farm Water Quality Improvement Plans (improvement plans) part of the activity.

Changes to the cost of delivering services

We are increasing the Environment Fund by $125,000, taking the total fund amount to $800,000 a year for the next three years. This will be funded from the council's Land Management Reserve.

Significant negative effects

As above, there are no significant negative effects on well-being from the Land and Biodiversity activity at the regional level, although the effects on individuals may be significant to them. Effects on community well-being are assessed during the development and reviews of the council's major planning documents, and for individual resource consent applications. The overall objective of this activity is to achieve the sustainable management of the region's natural and physical resources which means striking the right balance between the use, development, and protection of resources for the benefit of current generations and future generations. There are costs and benefits in attempting to do this and they are explicitly factored into the goals and the management approaches chosen.

2.4 PLANNING AND POLICY

Measures and targets

2.4.1 Provide and maintain an up-to-date resource management framework to sustainably manage the environment and access to and use of the region's natural and physical resources.
A range of resource management legislation and national policy changes require that the council invests in maintaining its resource management framework.

How we'll measure our performance	Latest result:	2015/16	2016/17	2017/18	By 2024/25
The development of a new integrated regional planning framework and an associated series of plan changes completed which address national policy direction and regional resource management issues. (NB: The council's ability to meet these targets may be affected by new and changing central government policy. Any such variations will be reported in the relevant Annual Report).	New measure	National Policy Statement for Freshwater Management (NPS freshwater) Implementation programme is notified.	Draft regional plan(s) prepared	Proposed regional plan(s) notified	Plan changes required to implement NPS freshwater completed.

2.4.2 Developing and maintaining a number of regional planning documents for the management of the region's natural and physical resources.

2.4.3 Monitoring trends and events that may require a resource management planning/policy response.

2.4.4 Responding to other organisations' resource management documents and policy initiatives.

Changes to services

1. A new statement of service with accompanying performance measures and targets has been added, to reflect the large work programme ahead for the council. This is not a new service, but rather a statement to reflect the existing service and its importance. Refer to the table below.
2. In addition, a greater emphasis has been placed on engagement with tangata whenua and catchment groups in keeping with the council objectives, which can be met within the existing targets, but require additional resource.

Changes to the cost of delivering services

Improvement of water management and implementation of the National Policy Statement for Freshwater Management (NPSFM) is a significant part of the Resource Management Policy and Planning activity. Collaboration and engagement with tangata whenua and Northlanders generally will be crucial to successful implementation of the NPSFM and is also a key focus for council, therefore additional resourcing has been provided to help deliver the council's NPSFM implementation programme (Waiora Northland), with a particular focus on facilitating collaborative catchment groups ($74,900).

Significant negative effects

There are few negative effects on well-being from the Resource Management Planning activity at the regional level, although the effects on individuals may be significant to them and negative effects on the local economy may occur where prescriptive national policy leaves little discretion to provide for local circumstances. Effects on community well-being are assessed during the development and reviews of the council's major planning documents (such as through a RMA Section 32 evaluation report), and for individual resource consent applications. The overall objective of this activity is to achieve the sustainable management of the region's natural and physical resources which means striking the right balance between the use, development, and protection of resources for the benefit of current generations and future generations. There are often complex trade offs between costs and benefits in this process and they are as far as practical factored into the goals and the management approaches chosen.

2.5 BIOSECURITY

Levels of service, measures and targets

2.5.1 Reducing the impact of introduced pests on environmental, economic and social values.

2.5.2 Protecting forests and lake health through effective regional pest control.
Reducing pests will contribute positively to the region's economy, environment and culture.

2.5.3 Promoting community involvement in pest management.
Expanding areas under Community Pest Control Area Plans will contribute positively to the region's economy, environment and culture.

How we'll measure our performance	Latest result: 2014/15	2015/16	2016/17	2017/18	By 2024/25
Increase in hectares of land under CPCAs per annum	53,000 hectares	Increase by 2500 hectares per annum			

Changes to services

There are two new services in this activity. The first involves protecting regionally significant forests and lake health through effective regional pest control. The second involves responding to new pests and promoting kiwi recovery and weed control in Whāngārei Heads funded through a new targeted rate.

Regionally significant forests and lake health

The Kai Iwi Lakes are a high value regional asset with outstanding natural, cultural and recreational values. Introduced animal pests threaten the future existence of native species. An additional $100,000 has been budgeted to help manage pests which threaten our freshwater dune lakes (including Kai Iwi Lakes) and regionally significant tracts of forest on private land. The majority of the funding ($90,000) will be used to remove invasive weeds and reduce the impact of animal pests within and around the margins of Kai iwi Lakes. In addition, $10,000 is allocated toward the delivery of more action on the ground to halt the spread of kauri dieback disease within Northland. This work is aimed at providing greater awareness and assistance to private landowners and will complement the actions of the joint agency response.

Whāngārei Heads' pest management

Ongoing funding will maintain the restoration of kiwi and eradicate environmental weeds at Whāngārei Heads. This would involve funding specialist contractors to undertake pest management as the spreading of pests are beyond the capability of volunteers and landcare groups to control. This will be funded through a targeted rate across 2500 residents who are expected to benefit from this additional pest control. It will also help leverage crown support for ongoing pest control across the forests that the Department of Conservation administers in this area. The council has funded the majority of kiwi recovery work at Whāngārei Heads to date, however this is due to end in 2016. It is unable to be sustained using the general rate and does not adequately control selected weeds in the area.

A performance measure has been added for the council's role in promoting community involvement in pest management. Two other performance measures have been withdrawn as they do not reflect the changing nature of community pest control plans. These measures relate to outputs rather than outcome and it would be better to have performance measures which assess the real environmental benefit these projects result in.

Changes to the cost of delivering services

Changes to the cost of delivering these services are as follows:

1. As noted above, the increase in service levels will result in the following changes to costs:

- The protection of regionally significant lakes and forests will cost an additional $100,000 per annum and will be funded through the general rate.
- The new Whāngārei Heads pest control programme will cost an additional $85,000 per annum. This will be funded through a targeted rate on the Whāngārei Heads' community.

The replacement of assets and acquiring of new assets to enable the council to deliver services more efficiently and reduce operational costs will cost approximately $77,900 (capital costs) over years one and two of the plan.

Significant negative effects

There are no significant negative effects on well-being from the Biosecurity activity at the regional level, although the effects on individuals may be significant to them. Effects on community well-being are assessed during the development and reviews of the council's major planning documents, and for individual resource consent applications. The overall objective of this activity is to achieve the sustainable management of the region's natural and physical resources which means striking the right balance between the use, development, and protection of resources for the benefit of current generations and future generations. There are costs and benefits in attempting to do this and they are explicitly factored into the goals and the management approaches chosen.

Funding impact statement for resource and catchment management

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	8,039,443	8,847,743	9,099,271	9,367,541	9,655,892	9,966,528
Grants and subsidies for operating purposes	20,000	-	-	-	-	-
Fees and charges	2,656,285	2,194,939	2,255,513	2,310,612	2,369,898	2,434,032
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	10,715,728	11,042,682	11,354,784	11,678,153	12,025,789	12,400,561
Applications of operating funding						
Payments to staff and suppliers	10,458,694	10,384,393	10,412,486	10,857,509	11,376,115	11,730,778
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	4,182,814	4,253,792	4,401,675	4,472,997	4,479,066	4,522,119
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	14,641,508	14,638,186	14,814,161	15,330,505	15,855,180	16,252,897
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(3,925,780)	(3,595,504)	(3,459,377)	(3,652,352)	(3,829,391)	(3,852,336)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING						
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	88,975	229,614	35,914	-	-	-
To replace existing assets	36,000	56,000	62,592	8,427	10,818	13,352
Increase/(decrease) in reserves	(238,000)	(155,000)	(155,000)	(155,000)	-	-
Increase/(decrease) in investments	(3,812,755)	(3,726,118)	(3,402,883)	(3,505,779)	(3,840,209)	(3,865,688)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(3,925,780)	(3,595,504)	(3,459,377)	(3,652,352)	(3,829,391)	(3,852,336)
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	3,925,780	3,595,504	3,459,377	3,652,352	3,829,391	3,852,336
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
10,301,293	10,661,703	11,050,722	11,469,641	11,904,399	Targeted rates
-	-	-	-	-	Grants and subsidies for operating purposes
2,503,457	2,578,391	2,659,275	2,746,551	2,836,692	Fees and charges
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
12,804,750	13,240,093	13,709,997	14,216,192	14,741,091	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
12,165,795	12,667,278	12,766,031	13,427,493	14,073,120	Payments to staff and suppliers
-	-	-	-	-	Finance costs
4,612,095	4,759,063	4,980,420	5,122,609	5,268,107	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
16,777,891	17,426,341	17,746,451	18,550,102	19,341,227	TOTAL APPLICATIONS OF OPERATING FUNDING
(3,973,141)	(4,186,248)	(4,036,454)	(4,333,910)	(4,600,136)	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
-	-	-	-	-	To improve levels of service
11,462	65,043	67,222	12,660	13,113	To replace existing assets
-	-	-	-	-	Increase/(decrease) in reserves
(3,984,603)	(4,251,291)	(4,103,676)	(4,346,570)	(4,613,249)	Increase/(decrease) in investments
(3,973,141)	(4,186,248)	(4,036,454)	(4,333,910)	(4,600,136)	TOTAL APPLICATIONS OF CAPITAL FUNDING
3,973,141	4,186,248	4,036,454	4,333,910	4,600,136	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

River management

River flooding provides the highest natural hazard risk to the Northland region because of the extensive development on floodplains and the region's exposure to high intensity rainfall events. Flooding threatens human life, disrupts communications and access, damages property and infrastructure including the productivity of farmland.

This group includes the following activities:

- **River management and Hydrology -** River management began with the development and implementation of flood risk reduction plans for the 27 priority rivers (or groups of streams) in Northland. In 2010 the council completed river management plans for each of these rivers/groups of streams and the ongoing development and implementation of these flood risk reduction plans is now the primary focus of the river management activity. The council, in conjunction with local river management liaison committees, undertakes the development, implementation and maintenance of flood control works and assets.

WHY WE PROVIDE RIVER MANAGEMENT AND HOW IT CONTRIBUTES TO COUNCIL OUTCOMES

The river management activity primarily contributes to the following council outcomes, values and areas of focus:

- Our environment is maintained or improved, with an emphasis on encouraging sustainable access to, and use of, resources.
- Northland has strong local government leadership ensuring safe and resilient communities.
- We are a positive and customer-friendly organisation.
- We progressively increase the engagement of Northlanders in our activities.
- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Tai Tokerau.
- Provide a business friendly environment.
- Maximise returns to the community from funds invested and effective use of assets.
- Identify, promote or invest in regionally significant infrastructure.

The programme of river management works includes infrastructural improvements that are intended to improve our access around our region in times of flooding. The river maintenance and new river works are managed with sustainability of the environment as a primary objective. Examples include the extraction of gravel providing a local resource while reducing flood risk and in some cases reducing bank erosion; and enabling increased opportunities for land use.

The regional council delivers flood protection and control works to reduce the risks associated with river flooding and erosion to protect human life and maximise the region's productivity. The community has shown their support for this activity through requests for river maintenance and through membership on the river management liaison committees.

3.1 RIVER MANAGEMENT

Levels of service, measures and targets

3.1.1 Building, monitoring and maintaining flood protection schemes to protect life and property.
Well-designed flood protection systems protect human life and damage to property and infrastructure.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Number of failures of flood protection system for the Awanui, Whāngārei, and Kaeo schemes below specified design levels.	Zero failures	Zero failures			

3.1.1.1 To provide flood protection and control works for u*rban and rural Kaitāia.*
Without flood protection and control works urban and rural Kaitāia would be more susceptible to river and coastal derived flooding.

How we'll measure our performance: Awanui River	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
River scheme maintenance works undertaken in accordance with work programme.	100% for river channel maintenance works.	100% of maintenance works undertaken, as determined in conjunction with the Awanui River Management Liaison Committee.			
Number of failures of for the Awanui flood protection scheme below specified design levels.	Zero failures	Zero failures			
Flood damage identified, prioritised and repair programme determined in conjunction with the Awanui River Management Liaison Committee.	100%	Flood damage reported to Awanui River Management Liaison Committee following each flood damage event, and repair programme adopted and implemented.			
Floodgate and stopbank renewals undertaken in accordance with work programme.	100%	100% of renewals undertaken, as determined in conjunction with the Awanui River Management Liaison Committee.			

3.1.1.2 To provide flood protection and control works for urban *Whāngārei.*
Without flood protection and control works urban Whāngārei would be more susceptible to river-derived flooding.

How we'll measure our performance: Whāngārei	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
River channel maintenance works undertaken in accordance with work programme.	100% for river channel maintenance works.	100% of maintenance works undertaken, as determined in conjunction with the Urban Whāngārei River Liaison Committee.			
Kotuku Dam monitored and maintained to ensure safe operation.	Not applicable for dam (not constructed).	100% of dam monitoring and maintenance works undertaken in accordance with the dam management plan.			
Number of failures of the Kotuku Dam below specified design levels.	Not applicable for dam (not constructed).	Zero failures			

3.1.2 Delivering river management work to reduce flood and erosion risks.
Implementing the minor works programme ensures that the flood hotspots are prioritised and addressed.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of the programmed minor flood control works for other rivers implemented in accordance with the approved annual budgets.	100%	100%			

3.1.3 Monitoring the state of the regional environment, specifically water resources.

3.1.4 Protecting the life-supporting capacity of water, in-stream uses and values.

3.1.5 Maintaining and enhancing water quality in our rivers and coastal waters through integrated management.

3.1.6 Contributing to informed policy decisions regarding water resources.

3.1.7 Contributing to informed management of river hazards.

3.1.8 Provide accurate rainfall and flood level monitoring.
Accurate rainfall and flood level monitoring information enables regional and catchment-specific flood warnings to be developed.

How we'll measure our performance	Latest result: 2014	2015/16	2016/17	2017/18	By 2024/25
Percentage of time that flood level monitoring is accurate to enable flood warnings to be developed.	100%	100%			

For the purposes of the Local Government Act 2002 requirement, 'flood protection and control works' means physical structures owned by local authorities and designed to protect urban and rural areas from flooding from rivers, including ancillary works such as channel realignment or gravel removal.

Changes to services

A number of changes have been made to this activity:

1. The hydrology services delivered by this activity were previously sitting in the Hazard Management activity group. The services delivered by this activity are not new.
2. A number of major capital works are planned for four river management schemes:
   a. **Whāngārei flood detention dam** – stage two of the Whāngārei Urban Rivers Flood Scheme involves the construction of a new Kotuku Street flood detention dam. This project was planned for in the 2012-2022 Long Term Plan and will result in an increase to the current level of service by reducing flooding.
   b. **Kerikeri-Waipapa Spillway Flood Scheme** – options for reducing flood risk in the Kerikeri, Waipapa and Wairoa River catchments were noted in the 2012-2022 Long Term Plan. Since then these options have been investigated and the spillway flood scheme identified as the preferred option. The project involves diverting excess river flow from the Kerikeri River to the Rainbow Falls and reduced flood risk to those properties located downstream of the spillway. It will increase the level of service for people and properties in this area through reducing the risk of flooding.
   c. **Kaeo** – The 2012-2022 Long Term Plan provided for stage two of flood works in Kaeo to occur in 2015/2016 which would result in reduced flood water depth in Kaeo township. However, revised costings are significantly higher than the estimates provided in the 2012-2022 Long Term Plan and these works will not proceed at the present time. The current level of service will no longer increase as previously planned at this stage.
   d. **Awanui River Flood Management Scheme** – options for reducing flood risk in the urban Kaitāia area were noted in the 2012-2022 Long Term Plan. Since then these options have been investigated further with the Whangatane Spillway

improvements being the preferred option and will increase the level of service for people and properties in parts of the urban Kaitaia area through reducing the risk of flooding.

For more information on the above proposals please refer to councils 'Infrastructure Strategy'.

3. Two new performance measures are included, in accordance with new legislative requirements. In 2014, the Government set new mandatory performance measures for some activities. The statements of the intended levels of service provision in this activity must specify the measure, as well as the target or targets set by the council for that performance measure. These replace performance measures set out in the 2012-2022 Long Term Plan.

Changes to the cost of delivering services

The cost of delivering this activity is to change as follows:

1. The estimated costs of delivering stage two of the *Whāngārei Urban Rivers Flood Scheme* (the flood detention dam) have been revised to $11.4 million (from $8.48 million in the 2014-2015 Annual Plan) prior to revenue from the sale of surplus properties acquired for the project. The increased costs have arisen from design refinements and construction challenges, additional land that had to be purchased to enable construction and requirements arising from the consents and designation obtained for the project.

2. The provision of the *Kerikeri-Waipapa Spillway Flood Scheme* comes at an estimated construction cost of $2.1 million. While this will initially be funded through a uniform rate of $80.04 (including GST) per SUIP over a 10 year period, council intends to consult further with those within the area of benefit with the intention of reviewing this rate to establish a differential rate based on the level of protection received from the flood protection works.

3. As the Kaeo flood works scheduled for 2015/2016 have been put on hold, the revised estimated construction costs of $1.5 million will no longer be budgeted for.

4. The preferred option for the Awanui River flood management scheme (Whangatanes spillway improvements) are estimated to cost $700,000. This is a new cost.

5. New assets are to be acquired to obtain improved information and decision-making on flooding effects and water allocation. The capital costs budgeted is $338,000 over the 10 years of the plan.

Significant negative effects

There are limited significant negative effects on well-being from the River Management activity. When new river works are being assessed any significant negative effects are addressed in the design, or the works are not approved. This could include a change in the distribution of floodwaters affecting landowners differently from in the past; the economic effects on ratepayers from the implementation of a new targeted rate; the increase in sediment to harbours and estuaries from a more efficient river system and/or works required near or on land that has cultural significance. Where work may result in river bed disturbance, that work is scheduled outside of sensitive fish passage seasons.

Funding impact statement for river management

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	2,856,652	3,614,087	3,652,115	3,693,655	3,738,243	3,776,731
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	12,000	28,800	-	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	2,868,652	3,642,887	3,652,115	3,693,655	3,738,243	3,776,731
Applications of operating funding						
Payments to staff and suppliers	1,991,739	2,166,132	2,207,939	2,220,467	2,249,505	2,304,897
Finance costs	470,627	681,288	792,847	753,230	709,259	661,787
Internal charges and overheads applied	699,260	620,475	642,279	652,580	653,038	659,030
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	3,161,626	3,467,895	3,643,065	3,626,277	3,611,801	3,625,714
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(292,974)	174,991	9,050	67,378	126,441	151,016
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	619,566	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	619,566	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	5,644,002	4,460,946	62,079	26,335	-	33,380
To replace existing assets	87,544	165,995	103,039	100,923	106,274	96,381
Increase/(decrease) in reserves	(5,334,481)	(3,018,895)	471,498	523,433	618,382	643,726
Increase/(decrease) in investments	(690,039)	(813,489)	(627,566)	(583,313)	(598,215)	(622,471)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(292,974)	794,557	9,050	67,378	126,441	151,016
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	292,974	(174,991)	(9,050)	(67,378)	(126,441)	(151,016)
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
3,821,880	3,855,570	3,943,763	3,987,525	4,002,540	Targeted rates
-	-	-	-	-	Grants and subsidies for operating purposes
-	-	-	-	-	Fees and charges
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
3,821,880	3,855,570	3,943,763	3,987,525	4,002,540	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
2,397,221	2,452,750	2,531,095	2,598,016	2,783,522	Payments to staff and suppliers
613,372	563,908	512,541	459,370	408,141	Finance costs
672,027	693,527	726,179	746,917	768,105	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
3,682,620	3,710,184	3,769,814	3,804,303	3,959,768	TOTAL APPLICATIONS OF OPERATING FUNDING
139,260	145,385	173,949	183,222	42,772	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
-	-	42,778	18,990	-	To improve levels of service
121,039	181,846	117,205	120,618	127,495	To replace existing assets
640,228	685,652	712,916	735,655	646,383	Increase/(decrease) in reserves
(622,007)	(722,113)	(698,950)	(692,041)	(731,106)	Increase/(decrease) in investments
139,260	145,385	173,949	183,222	42,772	TOTAL APPLICATIONS OF CAPITAL FUNDING
(139,260)	(145,385)	(173,949)	(183,222)	(42,772)	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

Hazard management

The Northland region is exposed to a range of natural hazards including storm/cyclone, tsunami, volcano, land instability, earthquake, rural fire and drought, with river flooding providing the highest natural hazard risk to the region.

This group includes the following activities:

- Civil defence and emergency management - The council works collaboratively with the three district councils, emergency services and key stakeholders as a member of the Northland Civil Defence Emergency Management Group to facilitate the coordination and delivery of the Civil Defence Emergency Management Group Plan which aims to build resilient communities in Northland.
- Natural hazard management - This activity aims to identify, assess and provide information on natural hazards and associated risks, along with the preparation and implementation of risk reduction plans, for the primary purpose of reducing the current and future risk from natural hazards to people and property to as low as reasonably practicable in the circumstances that exist.
- Oil pollution response - This activity aims to prevent further pollution from marine oil spills and to contain and clean them up to avoid or mitigate the effects on Northland's environment.

WHY WE PROVIDE HAZARD MANAGEMENT AND HOW IT CONTRIBUTES TO COUNCIL OBJECTIVES

The hazard management activity primarily contributes to the following council outcomes, values and areas of focus:

- Our environment is maintained or improved, with an emphasis on encouraging sustainable access to, and use of, resources.
- Northland has strong local government leadership ensuring safe and resilient communities.
- We are a positive and customer-friendly organisation.
- We progressively increase the engagement of Northlanders in our activities.
- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Tai Tokerau.
- Provide a business friendly environment.
- Identify, promote or invest in regionally significant infrastructure.

A regional approach to civil defence emergency management reduction, readiness, response and recovery allows for the consistent coordination of emergency services and support organisations which includes the regional and three district councils. The government set up this regional approach in 2002 under the Civil Defence Emergency Management Act.

It is a core function of regional councils to minimise the effects from these hazards on life, property and the quality of the environment. The council is legally obliged by the Civil Defence Emergency Management Act and the Soil Conservation and Rivers Control Act to develop and implement plans to reduce risks associated with hazards.

Preventing oil spills and minimising the impacts of an oil spill is a key priority to every New Zealander in order to protect our environment and enable recreational activities on and around our waters. Preventing an oil spill through appropriate measures and processes also has economic benefits for high risk businesses. The council has responsibility under the Maritime Transport Act (1994) to plan for and have in place, contingency measures to deal with oil spills in the coastal areas of Northland, within the territorial sea.

4.1 CIVIL DEFENCE AND EMERGENCY MANAGEMENT

Levels of service, measures and targets

4.1.1 Maintaining a responsive and efficient civil defence emergency management system.
Providing timely information and warnings helps protect the public and property.

4.1.2 Providing accurate and timely flood warnings.
Timely warnings are important to enable communities to take precautionary measures to protect life and property.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of time that accurate flood warnings are issued.	100%	100%			
Percentage of time that timely(2) flood warnings are issued for major storm events of regional significance.(3)	New measure	100%			

4.1.3 Maintaining an effective civil defence emergency management system.
Maintaining effective plans and response procedures is an important way to reduce the impact of any emergency situation.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Percentage of time that emergencies (which require the activation of an emergency operations centre) are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	Not applicable (no events occurred).	100%			

4.1.4 Increasing community awareness, understanding preparedness and participation in civil defence emergency management.

Changes to services

1. The 2012-22 Long Term Plan measure 'Percentage of time that nationally issued warnings are acknowledged within 30 minutes' has been withdrawn as it is not a major aspect of the activity.
2. An additional full-time equivalent (FTE) is provided to be able to continue with the community resilience projects. The withdrawal of external funding means that this service could not be maintained without additional council resource.

Changes to the cost of delivering services

No changes.

Significant negative effects

While no significant negative effects have been identified, it is recognised that people may feel their rights have been diminished through activity to provide for the wellbeing of the wider public and future generations. Public education and information is made available to increase awareness, readiness and response capability and to reduce any negative impact which is perceived.

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[2] *As evaluated and reported to council following a major storm event of regional significance.*

[3] *As defined in council's Flood Warnings Procedures.*

4.2 NATURAL HAZARD MANAGEMENT

Levels of service, measures and targets

4.2.1 Investigating, assessing and documenting natural hazard information to protect life and property.

4.2.2 Maintaining natural hazard information and assessments to protect life and property.
Identification of natural hazards and risk reduction options enables people to make informed decisions about the risks and what level of risk they are prepared to accept or mitigate. This information also flows into policy and land use planning which help to reduce risk where risk is deemed unacceptable.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Time taken to update flood level monitoring at priority rivers updated within one month following every large flood event.	One month	Within one month of a large flood event.			
Frequency that priority beach profile sites updated.	Biennially	Biennially			

4.2.3 Development and implementation of flood risk reduction plans for priority rivers or groups of streams in Northland.

4.2.4 Technical input to resource consent applications for flood scheme works to implement flood risk reduction plans.

Changes to services

The 2012-22 Long Term Plan services are to be retained without any change.

Changes to the cost of delivering services

Additional Land Elevation Survey – LiDAR data is sought to be captured on an ongoing basis; this includes new areas (typically flat land subject to flood risk) and renewals where data are over 10 years old and becoming outdated. A budget provision of $100,000 for three years is planned. This data will enable additional flood hazard mapping to be undertaken in new areas and revisions to be made to existing areas of flood mapping.

The acquisition of a new tidal monitoring asset will enable the council to obtain information for other parts of the region, and will cost approximately $12,000 in year one of the plan.

Significant negative effects

Some people may feel their rights have been reduced in order to provide for the well-being of the wider public or future generations, in those situations where natural hazards are identified on land which may restrict its use or development or where risk reduction measures have been identified on private land. The Council uses proactive communication strategies to mitigate this effect.

In addition, some risk reduction measures can adversely affect the environment through the modification of natural processes. Potential environmental impacts are considered through the design process and risk reduction measures are designed to reduce these impacts, for example, using low velocity designs which reduce the potential for scour.

4.3 OIL POLLUTION RESPONSE

Levels of service, measures and targets

4.3.1 Maintaining an efficient and responsive oil pollution response. There is a high public expectation that our response will be effective and efficient.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Time taken to evaluate and respond to a report of an oil spill once received.	Within one hour	Within one hour of receiving a report.			

Changes to services

There are no changes to the oil pollution services.

Changes to the cost of delivering services

There are no material changes.

Significant negative effects

There are two potential significant negative effects from delivering the Oil Pollution activity:

- Oil pollution response operations have the potential for negative effects on the environment. Response options are analysed and resources prioritised to minimise these effects,
- Wāhi tapu sites and kaimoana areas may be affected during an oil pollution response. When required, Iwi involvement is requested to assist with cultural matters to avoid significant negative effects.

Funding impact statement for hazard management

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	766,041	878,187	903,199	929,889	958,539	989,431
Grants and subsidies for operating purposes	81,952	70,000	71,638	73,388	75,271	77,308
Fees and charges	195,876	204,300	209,081	214,188	219,684	225,629
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	12,000	12,000	12,000	12,000	12,000	12,000
TOTAL SOURCES OF OPERATING FUNDING	1,055,869	1,164,487	1,195,917	1,229,465	1,265,494	1,304,368
Applications of operating funding						
Payments to staff and suppliers	1,026,079	1,210,690	1,236,414	1,263,900	1,188,775	1,217,573
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	395,892	450,245	465,420	473,177	474,698	479,845
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	1,421,971	1,660,934	1,701,834	1,737,078	1,663,473	1,697,418
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(366,102)	(496,447)	(505,916)	(507,613)	(397,979)	(393,050)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	-	-	-	-	-	-
To replace existing assets	-	-	-	-	-	-
Increase/(decrease) in reserves	-	(100,000)	(100,000)	(100,000)	-	-
Increase/(decrease) in investments	(366,102)	(396,447)	(405,916)	(407,613)	(397,979)	(393,050)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(366,102)	(496,447)	(505,916)	(507,613)	(397,979)	(393,050)
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	366,102	496,447	505,916	507,613	397,979	393,050
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
1,022,691	1,058,518	1,097,212	1,138,902	1,182,130	Targeted rates
79,513	81,893	84,462	87,234	90,097	Grants and subsidies for operating purposes
232,064	239,011	246,508	254,599	262,955	Fees and charges
-	-	-	-	-	Internal charges and overheads recovered
12,000	12,000	12,000	12,000	12,000	Local authorities fuel tax, fines, infringement fees and other receipts
1,346,268	1,391,421	1,440,182	1,492,734	1,547,182	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
1,247,706	1,280,797	1,316,214	1,354,108	1,393,105	Payments to staff and suppliers
-	-	-	-	-	Finance costs
489,630	505,058	527,741	542,794	558,267	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
1,737,337	1,785,856	1,843,955	1,896,902	1,951,371	TOTAL APPLICATIONS OF OPERATING FUNDING
(391,068)	(394,434)	(403,772)	(404,168)	(404,189)	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
-	-	-	-	-	To improve levels of service
-	-	-	-	-	To replace existing assets
-	-	-	-	-	Increase/(decrease) in reserves
(391,068)	(394,434)	(403,772)	(404,168)	(404,189)	Increase/(decrease) in investments
(391,068)	(394,434)	(403,772)	(404,168)	(404,189)	TOTAL APPLICATIONS OF CAPITAL FUNDING
391,068	394,434	403,772	404,168	404,189	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

Economic development

Economic development is vital for generating the resources needed to address some of the pressing problems facing Northland, such as poor housing, health and education. Through our economic development activity we aim to find new ways to bring investment into the region and create rewarding business and employment opportunities. This in turn should help reduce socio-economic disparities and stimulate employment growth.

This group includes the **economic development activity**.

WHY WE PROVIDE ECONOMIC DEVELOPMENT AND HOW IT CONTRIBUTES TO COUNCIL OUTCOMES

The economic development activity primarily contributes to the following council outcomes, values and areas of focus:

- Northland has strong local government leadership ensuring safe and resilient communities.
- Northland is promoted effectively.
- We are a positive and customer-friendly organisation.
- We progressively increase the engagement of Northlanders in our activities.
- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Tai Tokerau.
- Provide a business friendly environment.
- Maximise returns to the community from funds invested and effective use of assets.
- Identify, promote or invest in regionally significant infrastructure.

Central government's economic development policy recognises that regions and regional economic development are key drivers of New Zealand's overall economic performance. As a regional authority, the council makes a significant contribution to the economic development of the Northland region through infrastructure development and environmental management. The council considers it is in a position to commit to the investment necessary to move the region forward and that the region's current economic performance is no longer a viable option for Northland. .

Our investment in Northland is a key platform within this long term plan. We will use our investment income for economic development projects and ventures to improve Northland's economy, increase the number of jobs in Northland and increase the average weekly household income for Northlanders. Furthermore, our council is committed to internal business improvement projects to ensure the council offers a business friendly environment that is not perceived as a barrier to doing business.

5.1 ECONOMIC DEVELOPMENT

Levels of service, measures and targets

5.1.1 Investing in economic development projects and ventures within Northland to increase Northland's economic performance. Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
The budgeted investment income is transferred into the Investment and Growth Reserve.	$1.7 million	Annual transfer of $1.7 million.		Annual transfer in accordance with the plan commitments.	
Northland Inc.'s level of compliance with their approved Statement of Intent.	New measure	To the satisfaction of council – to be determined by the August annual review and council resolution.			

5.1.2 Tracking regional economic performance and trends.

5.1.3 Building a business-friendly council environment.

Changes to services

The existing performance measures are to be replaced with new measures that better relates to the services delivered rather than the large-scale economic outcomes that the council would like to see improved (but has little direct control over). There is no impact on the services provided.

Changes to the cost of delivering services

There are a number of changes to the cost of delivering this activity.

Extending the Regional Infrastructure Rate

A regional infrastructure rate was established in 2007-08 primarily to purchase land for a potential rail link to Marsden Point. Since then we have secured the properties and the designation for the rail corridor is in place. Kiwirail is expected to release its 30-year strategy early in 2015, which will set out its rail infrastructure priorities for the coming decades. The council and Kiwirail believe it is prudent to consider future options for the Marsden Point rail link once the strategy is released. The council is proposing to continue the existing rate for up to two years, to cover ongoing costs. Once the strategy is released and options have been considered we will consult with the region about the best way forward.

Sport infrastructure – extending the Recreational Facilities Rate

In the 2004-14 Long Term Plan, the council established a Recreational Facilities Rate to fund the Northland Events Centre with Whāngārei residents paying $28.75 (SUIP) a year and Kaipara and Far North ratepayers contributing $5.75 a year. The Events Centre will be paid for by 2018/19 at which time we are proposing to establish a new rate that will replace the Recreational Facilities Rate. The Sporting Infrastructure Rate would enable the council to provide funding support to assist in the development of sporting facilities across the region. A cohesive, region-wide approach to sporting infrastructure development, prioritised using sound criteria including business cases and community consultation, will ensure Northland's diverse sporting communities are catered for.

Using the Investment and Growth Reserve

In the 2011/12 Annual Plan the council introduced a five-year transition to re-direct its investment income, used to fund council operations and thereby subsidising rates, into the Investment and Growth Reserve (IGR). Our intention at that time was to divert all our investment income into the IGR in order to fund specific projects that would improve Northland's economic performance and increase job numbers. The 2012-22 Long Term Plan signalled a slowing down of this redirection process, lengthening the transition to 10 as opposed to five years.

Given the economic climate, and in the interests of keeping general rates down, the council is now proposing to keep using a proportion of this reserve to fund council activities. We are proposing to hold the distribution of our investment income at current levels for the next three years – as opposed to progressively increasing the amount diverted. This means around $1.7M a year will continue to be diverted into the economic development fund and the remaining used to fund council activities. We do not consider that this will have a significant impact on our economic development service levels. Nor will there be any financial impact on rates. From year four onwards the IGR will continue to build providing greater capacity for eligible economic development initiatives.

Refer to the Financial Strategy for more information.

Significant negative effects

There are no **significant negative effects** anticipated from delivering the Economic Development activity.

Funding impact statement for economic development

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	2,698,402	2,106,722	2,119,431	2,088,264	854,641	862,481
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	-	62,763	64,232	65,801	67,489	69,315
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,441,476	4,634,150	4,370,710	4,544,463	4,667,167	4,674,997
TOTAL SOURCES OF OPERATING FUNDING	4,139,878	6,803,635	6,554,373	6,698,527	5,589,297	5,606,794
Applications of operating funding						
Payments to staff and suppliers	2,421,779	2,946,356	2,557,185	2,361,464	2,375,845	2,449,199
Finance costs	667,713	632,893	560,956	457,000	430,000	430,000
Internal charges and overheads applied	36,506	104,374	107,620	109,537	110,390	111,919
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	3,125,998	3,683,623	3,225,761	2,928,002	2,916,235	2,991,118
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,013,880	3,120,012	3,328,613	3,770,526	2,673,062	2,615,676
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	-	-	-	-	-	-
To replace existing assets	-	-	-	-	-	-
Increase/(decrease) in reserves	185,429	(444,811)	(286,978)	57,339	(469,068)	209,898
Increase/(decrease) in investments	828,451	3,564,823	3,615,591	3,713,187	3,142,130	2,405,778
TOTAL APPLICATIONS OF CAPITAL FUNDING	1,013,880	3,120,012	3,328,613	3,770,526	2,673,062	2,615,676
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	(1,013,880)	(3,120,012)	(3,328,613)	(3,770,526)	(2,673,062)	(2,615,676)
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
870,935	880,031	889,844	900,408	911,379	Targeted rates
-	-	-	-	-	Grants and subsidies for operating purposes
71,292	73,426	75,730	78,215	80,748	Fees and charges
-	-	-	-	-	Internal charges and overheads recovered
4,688,553	5,258,725	4,813,202	4,869,359	4,958,460	Local authorities fuel tax, fines, infringement fees and other receipts
5,630,781	6,212,182	5,778,776	5,847,982	5,950,586	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
2,491,915	2,616,893	2,682,473	2,733,115	2,825,700	Payments to staff and suppliers
430,000	430,000	430,000	430,000	430,000	Finance costs
114,337	117,840	122,673	126,164	129,792	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
3,036,252	3,164,733	3,235,146	3,289,279	3,385,492	TOTAL APPLICATIONS OF OPERATING FUNDING
2,594,529	3,047,449	2,543,630	2,558,703	2,565,094	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
-	-	-	-	-	To improve levels of service
-	-	-	-	-	To replace existing assets
(623,045)	(216,253)	(776,963)	(810,894)	(854,983)	Increase/(decrease) in reserves
3,217,574	3,263,702	3,320,593	3,369,597	3,420,077	Increase/(decrease) in investments
2,594,529	3,047,449	2,543,630	2,558,703	2,565,094	TOTAL APPLICATIONS OF CAPITAL FUNDING
(2,594,529)	(3,047,449)	(2,543,630)	(2,558,703)	(2,565,094)	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

Transport

This group of activities involves having a regional coordination, operational and planning role in managing our transport network. Our transport network includes both land transport and transport on our harbour waterways.

This group includes the following activities:

- **Transport** - promoting and enabling an effective, efficent and safe land transport system through regional transport management and operations.
- **Harbour safety and navigation** - regulating and promoting the safety of people using the harbours and coastal areas of Northland.

Some changes are made to the transport activity.

WHY WE PROVIDE TRANSPORT AND HOW IT CONTRIBUTES TO COUNCIL OUTCOMES

The transport activity primarily contributes to the following council outcomes, values and areas of focus:

- Northland has strong local government leadership ensuring safe and resilient communities.
- We are a positive and customer-friendly organisation.
- We progressively increase the engagement of Northlanders in our activities.
- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te Rohe o Te Tai Tokerau.
- Provide a buisnes friendly environment.
- Maximise returns to the communityfrom funds invested and effective use of assets.
- Identify, promote or invest in regionally significant infrastructure.

Having a regional coordination, operational and planning role makes sense for ensuring efficient and integrated strategic and financial management of the network. Harbour navigation and safety management is provided for the safe movement of commercial and recreational vessels, and promotes and regulates safe boating and shipping practices to minimise maritime accidents to protect the environment and losses to property and persons. Regional councils are obliged to engage in a range of land transport planning, passenger transport and harbour management activities.

Northland harbours provide direct access to world-wide markets and handle very large oil tankers, cargo ships, cruise ships and fishing vessels. Coastal trades include cement, oil products and fuel provision direct to Auckland. Northland is one of the most popular recreational boating areas in New Zealand with some of the best diving, fishing and sightseeing in the world, and is the first point of entry for the majority of visiting foreign yachts. Ship and boat repair facilities, tourism, commercial boating and port and refinery operations provide core economic benefits and employment to the region.

6.1 TRANSPORT

Levels of service, measures and targets

6.1.1 Embed safety in the thinking of all Northland road users.

6.1.2 Providing an efficient and effective public bus service.
A reliable and effective bus service will have an increasing number of patrons.

How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Number of passengers for the Whāngārei urban bus service.	323,553	Increasing annually			

6.1.3 Planning for the future transport needs of the region.

Changes to services

The Northland Regional Council has been approached with a request to assist with setting up and sourcing alternative funding for the operation of a trial bus service in the mid-North. The planned trial bus service would link the communities of Kaikohe, Ohaeawai, Moerewa, Kawakawa, Paihia, Haruru, Kerikeri and Waipapa. The initial timetable will be based on four trips per day – two in the morning and two in the afternoon. The actual times of operation can only be finalised once further feedback from the community has been received and will be adjusted to meet demand during the trial period.

Changes to the cost of delivering services

Rural bus service in the mid-North

The provisional costs for the operation of the mid-North bus trial service have been calculated as $250,000 per annum and is based on taking the kilometres to be operated multiplied by $2.50 per kilometre operated. This per kilometre cost has been based on the average cost as provided by the passenger transport industry. These costs will be funded jointly through community rates and farebox revenue. Based on present government funding policy and criteria, it is unlikely at this time that this service will be eligible for national funding assistance. The NZ Transport Agency are reviewing the eligibility for funding such services. Any funding assistance required will need to be obtained from those communities that will benefit from the planned trial bus service. Further engagement will continue with those communities with a targeted rate set through the 2016/17 Annual Plan.

Citylink electronic ticketing system

We've identified that our current bus ticketing system needs improving. As a result we have joined a consortium of regional councils which are investing in the development of a bus ticketing system. The capital cost of this work is budgeted at $132,128 across years one and two of the long term plan.

Total Mobility

We are proposing a change to the way the Total Mobility Scheme in Whāngārei is funded. Refer to our 'Key Issues' document for information on this proposal.

Significant negative effects

There are no **significant negative effects** anticipated from delivering the Transport activity, however it is noted that the National Review of Financial Assistance Rates is pending and may result in changes that negatively affect the region.

6.2 HARBOUR SAFETY AND NAVIGATION

Levels of service, measures and targets

6.2.1 Promoting navigation and boating safety on Northland harbours.

6.2.2 Maintaining navigation aids for safe navigation. Safety of harbour and coastal waters. Also mitigates environmental problems of oil spills from wrecks.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Time taken to repair navigation aids after being reported.	Within five working days	five working days			

6.2.3 Providing safe pilotage services for vessels entering the Bay of Islands. Pilotage provides additional safety. Large ships carry large amounts of oil.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Number of incidents from providing pilotage services within BOI harbours.	Zero incidents	Zero incidents			

6.2.4 Ensuring Northland is compliant with the Port and Harbours Safety Code (set by Maritime NZ). Operational safety and management systems ensure pilotage harbours (Whāngārei and Bay of Islands) are operated safely.					
How we'll measure our performance	Latest result: 2013/14	2015/16	2016/17	2017/18	By 2024/25
Compliance with the Port and Harbours Safety Code.	New measure	Zero non-compliance			

6.2.5 Manage moorings in harbours.

Changes to services

There are no changes to harbour safety and navigation services other than some minor wording changes to measure 6.2.2.

Changes to the cost of delivering services

The replacement of assets and acquiring of new assets to enable the council to deliver services more efficiently and reduce operational costs will cost approximately $1.3 million (capital costs) over the 10 years of the plan.

Significant negative effects

There are no **significant negative effects** anticipated from delivering the Harbour Safety and Navigation activity.

Funding impact statement for transport

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	1,698,410	1,641,429	1,941,607	1,979,847	2,020,927	2,065,157
Grants and subsidies for operating purposes	979,056	1,122,704	1,192,968	1,223,460	1,214,541	1,224,852
Fees and charges	1,454,131	1,489,913	1,459,642	1,495,299	1,533,665	1,575,170
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	4,131,597	4,254,047	4,594,217	4,698,606	4,769,133	4,865,179
Applications of operating funding						
Payments to staff and suppliers	3,890,397	3,918,386	4,352,820	4,496,473	4,598,813	4,719,087
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	700,990	731,052	755,310	768,073	771,243	780,072
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	4,591,387	4,649,439	5,108,129	5,264,546	5,370,056	5,499,159
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(459,790)	(395,392)	(513,912)	(565,940)	(600,923)	(633,981)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	18,000	85,213	138,742	60,570	54,092	-
To replace existing assets	78,901	125,000	170,333	45,296	40,028	89,013
Increase/(decrease) in reserves	15,146	7,021	4,550	1,872	(1,336)	(4,548)
Increase/(decrease) in investments	(571,837)	(612,625)	(827,536)	(673,678)	(693,706)	(718,446)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(459,790)	(395,392)	(513,912)	(565,940)	(600,922)	(633,981)
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	459,790	395,392	513,912	565,940	600,922	633,981
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
2,112,824	2,164,095	2,219,355	2,278,815	2,340,479	Targeted rates
1,259,742	1,252,085	1,265,338	1,305,528	1,298,480	Grants and subsidies for operating purposes
1,620,097	1,668,590	1,720,934	1,777,415	1,835,749	Fees and charges
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
4,992,663	5,084,769	5,205,627	5,361,758	5,474,707	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
4,899,060	4,999,997	5,136,556	5,353,134	5,484,442	Payments to staff and suppliers
-	-	-	-	-	Finance costs
796,169	821,118	857,349	881,794	906,975	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
5,695,229	5,821,114	5,993,905	6,234,928	6,391,416	TOTAL APPLICATIONS OF OPERATING FUNDING
(702,566)	(736,345)	(788,279)	(873,170)	(916,709)	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
-	-	-	-	-	To improve levels of service
209,747	88,696	83,111	231,674	52,452	To replace existing assets
(7,925)	(5,624)	(4,700)	(6,575)	(8,518)	Increase/(decrease) in reserves
(904,388)	(819,416)	(866,690)	(1,098,270)	(960,643)	Increase/(decrease) in investments
(702,566)	(736,344)	(788,279)	(873,171)	(916,709)	TOTAL APPLICATIONS OF CAPITAL FUNDING
702,566	736,344	788,279	873,171	916,709	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

Support services

The funding impact statement below relates to council's support services which are the corporate and support functions for the organisation and include the expenditure and funding sources for Maori engagement, finance operations, human resources and health and safety, communications, information management, information technology and other administration.

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	-	-	-	-	-	-
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees and charges	62,763	-	-	-	-	-
Internal charges and overheads recovered	7,744,744	7,849,985	8,115,414	8,090,316	8,055,505	8,143,934
Local authorities fuel tax, fines, infringement fees and other receipts	7,284,265	3,949,181	4,263,616	4,678,727	4,925,470	5,200,714
TOTAL SOURCES OF OPERATING FUNDING	15,091,772	11,799,166	12,379,030	12,769,043	12,980,975	13,344,648
Applications of operating funding						
Payments to staff and suppliers	6,626,800	6,315,509	6,485,990	6,599,447	6,700,973	6,903,994
Finance costs	1,000	-	-	-	-	-
Internal charges and overheads applied	19,421	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	6,647,222	6,315,509	6,485,990	6,599,447	6,700,973	6,903,994
SURPLUS/(DEFICIT) OF OPERATING FUNDING	8,444,550	5,483,657	5,893,040	6,169,596	6,280,002	6,440,654
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands						
To improve levels of service	180,000	314,000	41,301	-	5,409	-
To replace existing assets	761,049	699,780	746,601	641,517	658,838	666,488
Increase/(decrease) in reserves	1,669,911	907,181	897,972	901,251	923,979	988,385
Increase/(decrease) in investments	5,833,590	3,562,696	4,207,167	4,626,828	4,691,776	4,785,781
TOTAL APPLICATIONS OF CAPITAL FUNDING	8,444,550	5,483,657	5,893,040	6,169,596	6,280,002	6,440,654
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	(8,444,550)	(5,483,657)	(5,893,040)	(6,169,596)	(6,280,002)	(6,440,654)
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
-	-	-	-	-	Targeted rates
-	-	-	-	-	Grants and subsidies for operating purposes
-	-	-	-	-	Fees and charges
8,274,761	8,498,506	8,825,580	9,033,501	9,247,980	Internal charges and overheads recovered
5,484,213	5,830,863	5,972,211	6,312,242	6,673,351	Local authorities fuel tax, fines, infringement fees and other receipts
13,758,974	14,329,369	14,797,791	15,345,743	15,921,331	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
7,045,038	7,236,765	7,437,793	7,665,712	7,893,779	Payments to staff and suppliers
-	-	-	-	-	Finance costs
-	-	-	-	-	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
7,045,038	7,236,765	7,437,793	7,665,712	7,893,779	TOTAL APPLICATIONS OF OPERATING FUNDING
6,713,936	7,092,604	7,359,998	7,680,031	8,027,552	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sales of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
46,133	5,913	-	-	52,452	To improve levels of service
818,358	875,721	732,113	764,652	957,906	To replace existing assets
1,022,306	1,160,491	1,337,288	1,370,460	1,402,656	Increase/(decrease) in reserves
4,827,139	5,050,479	5,290,597	5,544,919	5,614,537	Increase/(decrease) in investments
6,713,936	7,092,604	7,359,998	7,680,031	8,027,552	TOTAL APPLICATIONS OF CAPITAL FUNDING
(6,713,936)	(7,092,604)	(7,359,998)	(7,680,031)	(8,027,552)	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

Council-controlled and subsidiary organisations

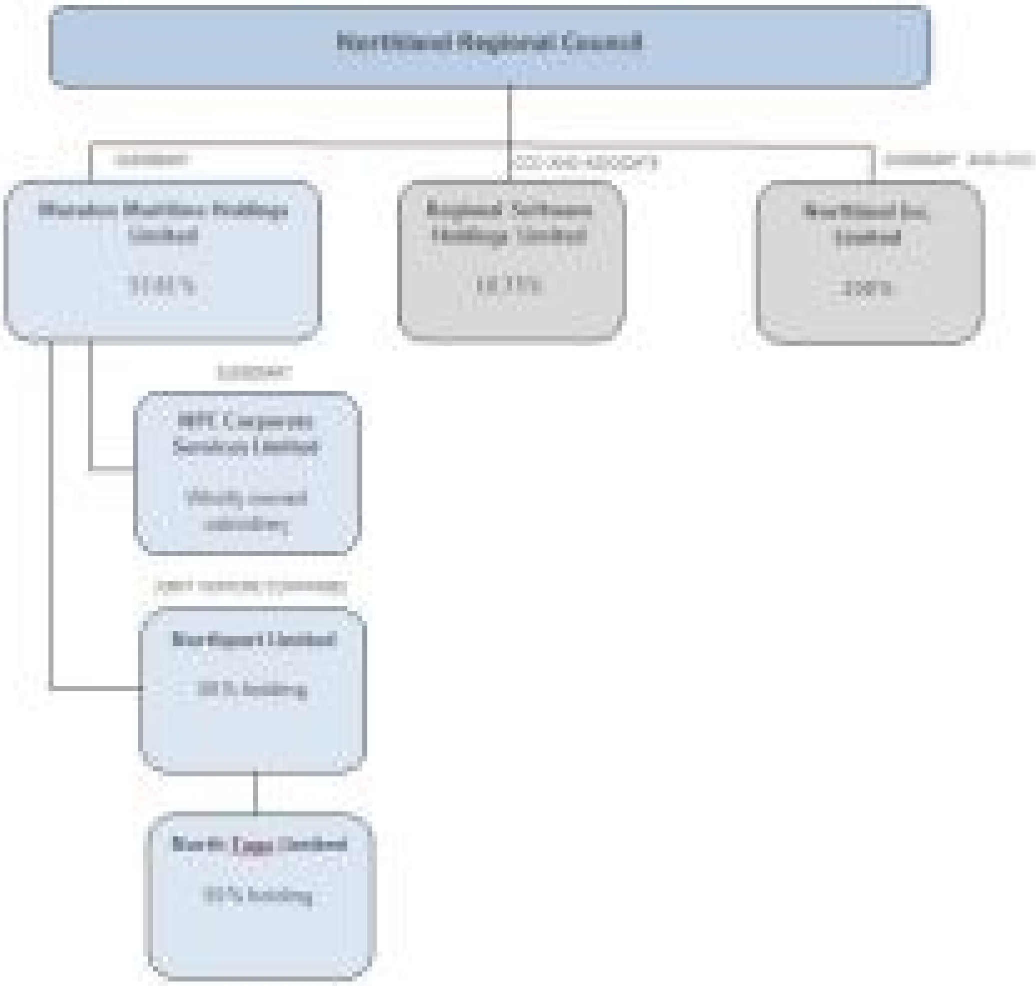
OVERVIEW

A council-controlled organisation (CCO) is a company or organisation in which a council or councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A council-controlled trading organisation (CCTO) is a CCO that operates a trading operation for the purpose of making a profit.

CCOs and CCTOs are required to complete a Statement of Intent and report against their policies, objectives and performance in their annual reports unless an exemption has been granted.

This section provides the information required under the Local Government Act 2002 for Northland Inc. Limited and Regional Software Holdings Limited. Marsden Maritime Holdings Limited is also a subsidiary organisation but is exempt from the CCO provisions of the Local Government Act 2002 and is not required to publish a statement of intent.

Group structure



COUNCIL-CONTROLLED ORGANISATIONS

Council has two council-controlled organisations. These are:

- Northland Inc. Limited; and
- Regional Software Holdings Limited.

Northland Inc. Limited

Northland Inc. Ltd is the Northland region's economic development agency. Northland Inc. Ltd formed in July 2012.

Northland Inc. Ltd is funded by an operational contribution from Northland Regional Council and is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors each appointed for a term up to three years by the council and operational activity is led by a chief executive officer.

Policies and objectives

The activities and functions of the economic development organisation include:

- Provide advice to Northland Regional Council in regard to investment opportunities for Northland that may provide a better return for council funds and protect shareholder interests.
- Provide well researched and well prepared economic development projects for consideration of Northland Regional Council's Investment and Growth Reserve.
- Prepared investment cases and the subsequent funding of major projects, utilising a syndication of funding streams including the Investment and Growth Reserve.
- Partner with iwi, hapū and Māori collective organisations to facilitate economic development opportunities for Northland.
- Establish a suite of capital assistance and business investment partners; including an Angel Investor network and access to venture capital for Northland entrepreneurs and firms.
- Facilitate business support for Northland firms to build business capability and capacity, promote capital investment, research and development.
- Communicate Northland's economic development successes to internal and external stakeholders to build confidence in the Northland economy.
- Leverage Northland's proximity to Auckland to facilitate economic development opportunities for Northland.
- Work to reduce disparities in Northland by actively promoting economic development projects that can lift communities and local economies.
- Promoting Northland as a place to live, work, invest and visit.

Investment and Growth Reserve

Northland Inc. Ltd's activities include a focus on finding economic development projects that qualify for funding through council's Investment and Growth Reserve. The reserve is to be used to fund specific projects that will increase jobs and economic performance in Northland. The council adopted criteria for determining eligible projects to be funded from the reserve. The main points are as follows:

- The reserve's objective is to increase Northland's jobs numbers, average weekly household income and Gross Domestic Product (GDP) by investing in economic projects/ventures.
- The reserve will provide operational expenditure for Northland Inc. Ltd to identify, progress and monitor projects.
- The reserve will provide loan funding or directly invested funds for capital expenditure on new ventures or expanding existing businesses, and operating expenditure (for a finite period and with conditions).
- Loaned funds or directly invested funds will deliver an appropriate rate of return, taking into account the level of risk and revenue flows.
- Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- All projects will be assessed for funding eligibility against a business case assessment tool.
- Only projects recommended for funding by the Northland Inc. Ltd will be considered by the council.
- Council will decide on the allocation of all reserve funds.
- A new investment category, impact investment funding, was established, capped at $1 million per annum. Projects funded through this category do not have to deliver a return to council. However, they still must demonstrate an ability to lift the economic performance of the region.
- Up to an additional $200,000 per annum will be made available to Northland Inc. Ltd to carry out feasibility and business case assessments with the intention of getting more projects processed and approved.

Key performance indicators

Key annual performance measures and targets for Northland Inc. include:

- Prudent financial management
- The Northland Economic Action Plan implementation is underway
- A minimum of 150 unique business engagements and $1.5 mil invested in building capacity and supporting innovation in Northland firms
- A minimum of 4 Northland Inc Board recommendations made to the Northland Regional Council Investment and Growth Reserve for funding

- A minimum of two Board recommendations to partner with Iwi, hapu and/or Maori collective organisations on economic development projects
- A minimum of 10% annual increase in (Google Analytics) sessions on www.northlandnz.com

Regional Software Holdings Limited

Regional Software Holdings Limited is a shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the IRIS (Integrated Regional Information System) product as developed for and by the shareholding councils.

Over the last few years, the six regional councils have developed a leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success with the project being delivered to specification and within budget.

Regional Software Holdings Limited was incorporated in 2013/2014 with the objective of holding, maintaining and developing the IRIS product. In June 2013, the first call of shares was made. This was accompanied with a transfer of the software from the regional councils to the company. The rest of the transfer of software and the final share calls were made on 30 June 2014

Financially, the company is in a sound position as planned. Regional Software Holdings Ltd.'s revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. The company does not trade to make a profit; rather it charges to cover its planned level of expenditure.

Policies and objectives

The activities and functions of Regional Software Holdings Limited include:

- Provide long term shared software resources that are relevant to regional council activities and are fit for purpose, reliable, robust, resilient and cost effective.
- To develop, maintain and licence the Software Intellectual Property to the Shareholders and other customers on an ongoing basis.
- To ensure the Company operates in a cost effective manner that reduces costs and risks to the Shareholders.
- To provide a framework for collaboration between the shareholder councils and other customers for the development and implementation of an IT platform or IT platforms over the long term.
- To provide Regional Software Holdings Limited shareholders and customers with application software products and services in a manner that achieves:
    - Continuity of supply
    - Influence / control of the destiny of Regional Council sector specific software
    - Risk reduction
    - Economies of scale
    - Some standardisation of practice, or adoption of best practice.

Key performance indicators

Key annual performance measures and targets for Regional Software Holdings Limited include:

- IRIS Advisory Groups meets regularly & is effective (Self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group)
- 95% of Support requests are resolved within agreed timeframes (as per section 13 of Support Contract)
- IRIS user groups meet and effectively control their support and minor development budgets
- IRIS annual development projects have approved business cases, and are completed on time and within budget.
- Reporting and Payments (Section 9.3 of Business Plan) are completed on time
- Consider a new service area or areas outside of the current scope of IRIS
- RSHL will operate within its budget
- Annual charges: increase in cost to councils not to exceed the CPI.

Respond to requests from Councils with the intent of adding one further Council to IRIS as a shareholder or customer by end of 2018.

SUBSIDIARY ORGANISATIONS

Marsden Maritime Holdings Limited

Port ownership

Northland Regional Council owns 53.61% (22.1 million shares) of the issued capital of the Marsden Maritime Holdings Limited, which is presently 41,300,651 ordinary shares of 25 cents each. The balance of shares is held by the public and all shares are listed on the New Zealand Stock Exchange.

The council reviews its shareholding in the company during the triennial review of its strategic plan. There are six directors of the Marsden Maritime Holdings Limited. One-third of the directors retire by rotation each year.

Company operations

On August 2014 Northland Port Corporation changed its name to Marsden Maritime Holdings Limited. In 2014 the company sold its 50% share in North Port Coolstores (1988) Limited, and its 50% share in Northland Stevedoring Services Limited

The company also owns approximately 180 hectares of industrially zoned land in the Marsden Point area which is being progressively developed for industry and utilises the port at Marsden Point.

Company financial data

As a listed company, the Marsden Maritime Holdings Ltd is not required to publish a Statement of Corporate Intent nor provide budget estimates to the council, its major shareholder. The corporation is exempt from the council-controlled organisations provisions of the Local Government Act 2002.

SECTION THREE: RATES

Rating funding impact statement

The following table shows total gross expenditure and lists, by rate and income type, and the funding derived from each source, for easy reference. For the prescribed funding impact statement – required by clause 15 of schedule 10 of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 – see 'Prospective funding impact statement'.

Excluding GST	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Operational expenditure	28,855,517	30,873,827	31,461,897	31,930,556	32,651,657	33,731,716
Capital expenditure	6,894,471	6,136,548	1,360,599	883,068	875,460	898,615
Total gross expenditure	35,749,988	37,010,375	32,822,496	32,813,624	33,527,117	34,630,331
Funded by						
Council Services Rate	7,749,998	8,255,003	8,488,642	8,737,721	9,005,651	9,294,110
Land Management Rate	5,673,792	6,043,507	6,215,641	6,399,321	6,596,479	6,809,086
Targeted Regional Infrastructure Rate	611,350	611,350	611,350	611,350	611,350	611,350
Targeted Regional Recreational Facilities Rate	1,249,775	1,272,475	1,278,837	1,240,901	-	-
Other Targeted Rates	2,682,179	3,827,298	4,100,286	4,110,492	4,121,399	4,123,528
Grants and subsidies	1,081,008	1,089,704	1,159,196	1,188,863	1,179,056	1,188,407
User charges	4,369,055	4,117,840	4,154,954	4,253,649	4,361,144	4,477,552
Rental income	3,310,721	3,188,855	3,177,292	3,189,606	3,237,807	3,252,858
Interest income	2,642,586	2,403,344	2,451,171	2,755,562	2,933,599	3,155,327
Dividend income	2,796,434	2,822,850	3,154,950	3,431,700	3,597,750	3,708,450
Forestry income	-	353,529	-	-	-	-
Sundry income	-	-	-	-	-	-
Cash reserves from/(to)	3,583,090	3,024,620	(1,969,823)	(3,105,540)	(2,117,119)	(1,990,337)
Total funding	35,749,988	37,010,375	32,822,496	32,813,624	33,527,117	34,630,331

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	Excluding GST
34,578,822	35,620,025	36,494,357	37,702,274	39,066,465	Operational expenditure
1,206,739	1,217,219	1,042,429	1,148,594	1,203,419	Capital expenditure
35,785,561	36,837,244	37,536,786	38,850,868	40,269,884	Total gross expenditure
					Funded by
9,605,153	9,939,834	10,300,886	10,689,503	11,093,092	Council Services Rate
7,037,953	7,284,503	7,550,795	7,837,712	8,135,209	Land Management Rate
611,350	611,350	611,350	611,350	611,350	Targeted Regional Infrastructure Rate
-	-	-	-	-	Targeted Regional Recreational Facilities Rate
4,129,524	4,120,979	4,163,466	4,157,923	4,121,736	Other Targeted Rates
1,222,257	1,213,478	1,225,520	1,264,403	1,256,005	Grants and subsidies
4,603,560	4,739,570	4,886,380	5,044,790	5,208,367	User charges
3,272,733	3,295,575	3,330,202	3,349,359	3,396,460	Rental income
3,355,729	3,661,043	3,754,488	4,053,992	4,378,596	Interest income
3,819,150	3,929,850	4,040,550	4,151,250	4,261,950	Dividend income
-	516,150	-	-	-	Forestry income
-	-	-	-	-	Sundry income
(1,871,847)	(2,475,088)	(2,326,851)	(2,309,414)	(2,192,881)	Cash reserves from/(to)
35,785,561	36,837,244	37,536,786	38,850,868	40,269,884	Total funding

Types of rates

This section describes the various rates for 2015/16.

For Kaipara and Far North district rates assessments, keep in mind that, for efficiency, the regional recreational facilities rate, council services rate and the Emergency Services rate will be shown as a single amount on the face of the joint regional and district rates assessments issued by the Kaipara District Council and Far North District Council. The amounts and descriptions of the separate rates are shown clearly on the reverse of all assessments.

UNIFORM ANNUAL GENERAL CHARGE

The council does not set a uniform annual general charge.

TARGETED REGION-WIDE RATES

The council sets two rates which are applied as targeted region-wide rates – the council services rate and the land management rate. Targeted region-wide rates are assessed on all rateable properties in the Northland region. Council does not accept lump sum contributions in respect of any targeted rate.

Council services rate

What it funds

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

How it is set

The council services rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation of each constituent district in the Northland region. An additional $1.73 (including GST) per separately used or inhabited part (SUIP) of a rating unit is to be assessed across the Whāngārei constituency to provide $70,851 to fund the ongoing maintenance of the Hātea River channel. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whāngārei districts and on each rating unit (RU) in the Kaipara district.

This funding impact statement recognises that a differentiated, fixed amount on each rating unit (property) or SUIP of a rating unit links better to resource management planning, strategic planning, education, public advice, the public good elements of issuing resource consents, regional advocacy and transport planning where the link to land value is very weak.

To keep costs down the council services rate, regional recreational facilities rate and the rescue helicopter rate will be shown as a single amount on the face of the joint regional and district council rates assessments issued by the Kaipara District Council and the Far North District Council with the amounts and descriptions shown clearly on the reverse of all assessments.

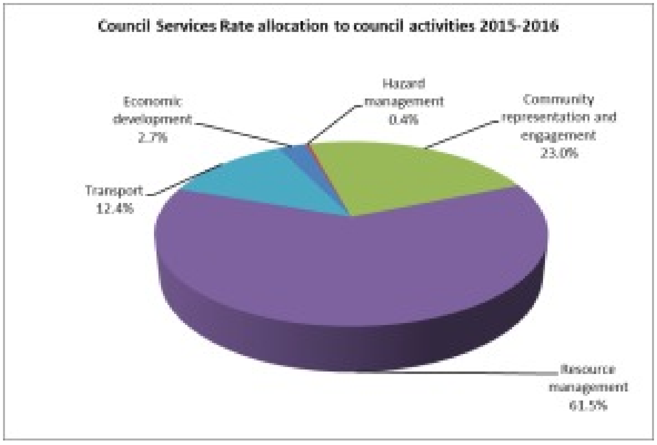
How much is the rate?

The estimated total council services rate amounts to $9,493,254 (including GST) for the 2015/16 financial year.

The council services rate payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited parts (SUIP) of a rating unit in the Far North and Whāngārei districts of the Northland region, will be set as shown in the following table.

District	Excl. GST	Incl. GST	
Far North district	$79.40	$91.31	per SUIP
Kaipara district	$100.87	$116.00	per rating unit
Whāngārei district	$99.04	$113.89	per SUIP

How is the rate applied?



Council Services Rate allocation to council activities 2015-2016

Land management rate

What it funds

This land value based rate is used to fund activities that are carried out under the Biosecurity Act 1993, the Soil Conservation and Rivers Control Act 1941 and the Civil Defence Emergency Management Act 2002 and the Resource Management Act 1991.

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

The land management rate is assessed across all sectors of the Northland community and recognises that all communities benefit from the protection of forests, the prevention of soil erosion, and the minimisation of damage by floodwaters and resulting improvements in water quality.

How it is set

The land management rate is a targeted rate authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of the land value. The rate per dollar of land value is different for each constituent district, as the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act. Remissions have been applied on a district basis. The council does not apply a differential on this rate.

How much is the rate?

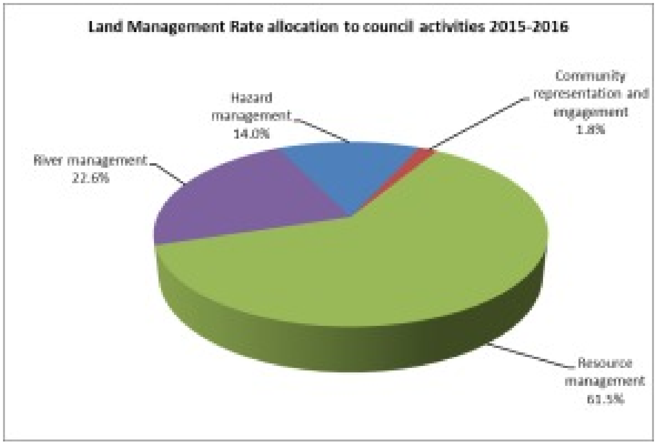
The estimated total land management rate is $6,950,033 (including GST) for the 2015/16 financial year.

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

District	Actual land value $(000)'s	Equalised land value $(000)'s	Rate per $100,000 of actual land value excl. GST	Rate per $100,000 of actual land value incl. GST
Far North district	6,987,152	6,923,723	$30.42	$34.98
Kaipara district	3,646,748	3,646,748	$30.98	$35.63
Whāngārei district	8,877,608	9,288,321	$32.14	$36.96

If all districts had the same valuation date, each district would have the same rate per dollar for each $100,000 of actual land value.

How is the rate applied?



SPECIFIC TARGETED RATES

The following specific targeted rates are for 2015/16. Council does not accept lump sum contributions in respect of any targeted rates.

Regional recreational facilities rate

What it funds

This rate funds the development of the regional events centre.

How it is set

The regional recreational facilities rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount differentiated by location in the Northland region. The rate will be assessed on each rating unit (RU) in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whāngārei districts. The rate is set at $28.75 (including GST) per separately used or inhabited part (SUIP) of a rating unit in the Whāngārei district; $5.75 (including GST) per separately used or inhabited part (SUIP) of a rating unit in the Far North district; and $5.75 (including GST) per rating unit in the Kaipara district.

How much is the rate?

The estimated total Northland regional recreational facilities rate amounts to $1,463,346 (including GST) for the 2015/16 financial year. The rate is to be set as follows.

District	Excl. GST	Incl. GST	
Far North district	$5.00	$5.75	per SUIP
Kaipara district	$5.00	$5.75	per rating unit

District	Excl. GST	Incl. GST	
Whāngārei district	$25.00	$28.75	per SUIP

How is the rate applied?

This rate is applied 100% to the development of the regional events centre which forms part of the economic development activity.

Regional infrastructure rate

What it funds

The council will fund activities relating to the development and/or completion of regional infrastructure projects, beginning with the Marsden Point rail link project.

How it is set

The regional infrastructure rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of land value. The rate per dollar of land value is different for each constituent district as the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act. The council does not apply a differential on this rate.

How much is the rate?

The estimated total regional infrastructure rate is $703,053 (including GST) for the 2015/16 financial year.

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

District	Actual land value $(000)'s	Equalised land value $(000)'s	Rate per $100,000 of actual land value excl. GST	Rate per $100,000 of actual land value incl. GST
Far North district	6,987,152	6,923,723	$3.08	$3.54
Kaipara district	3,646,748	3,646,748	$3.14	$3.61
Whāngārei district	8,877,608	9,288,321	$3.23	$3.72

If all districts had the same valuation date, each district would have the same rate per dollar for each $100,000 of actual land value.

How is the rate applied?

This rate is applied 100% to the infrastructure development activity. The proceeds from this rate will be applied to funding the Marsden Point rail link designation.

Emergency services rate

What it funds

The council will collect the emergency services rate to provide a contestable funding pool for eligible organisations whose primary purpose is to save lives that are in immediate or critical danger or the responding to serious injury. The funds must be applied to the provision of services in Northland. The fund recipients will be granted funding for a three-year period.

How it is set

The emergency services rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whāngārei districts and each rating unit in the Kaipara district.

How much is the rate?

The estimated total emergency services rate is $1,067,990 (including GST) for the 2015/16 financial year.

The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whāngārei districts is set as $11.84 (including GST) or $10.30 (excluding GST).

How is the rate applied?

The emergency services rate will be applied to the approved recipients who met the specified criteria following a contestable funding process. The collection and payment of this rate forms part of the community representation and engagement activity.

Whāngārei Heads pest management rate

What it funds

The council will collect the Whāngārei Heads pest management rate to undertake pest management in and around Whāngārei Heads. The funding will be applied to target pests which threaten kiwi and to eradicate selected weeds on private land.

How it is set

The Whāngārei Heads pest management rate (Whāngārei district) is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each separately used or inhabited part (SUIP) of a rating unit located in and around the Whāngārei Heads area. These rating units are identified on the map below.

How much is the rate?

The estimated total Whāngārei Heads pest management rate (Whāngārei district) is $103,000 (GST inclusive) for the 2015/16 financial year.

The rate will be set at $50.00 (GST inclusive) or $43.48 (GST exclusive) for each separately used or inhabited part (SUIP) of a rating unit located in and around the Whāngārei Heads area, as illustrated in the map below.

How is the rate applied?

The Whāngārei Heads pest management rate will be applied to target pests which threaten kiwi and to eradicate selected weeds on private land in the area identified on the map below.

Rating units for the Whāngārei Heads' pest management rate (Whāngārei district).

Whāngārei transport rate

What it funds

This rate forms the local contribution required to fund the Whāngārei bus passenger transport and Whāngārei Total Mobility service.

How it is set

The Whāngārei transport rate is a targeted rate as authorised by Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each separately used or inhabited part (SUIP) of a rating unit in the Whāngārei district.

How much is the rate?

The estimated total Whāngārei transport rate is $552,021 (including GST) for the 2015/16 financial year.

The rate will be set at $13.44 (including GST) or $11.69 (excluding GST) for each separately used or inhabited part (SUIP) of a rating unit in the Whāngārei district.

How is the rate applied?

The Whāngārei transport rate will be applied to the passenger transport administration activity to subsidise bus passenger transport and the Total Mobility service provided in the Whāngārei district.

Kaitāia transport rate (Far North district)

What it funds

This rate funds the Kaitāia bus passenger transport service.

How it is set

The Kaitāia transport rate (Far North district) is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each separately used or inhabited part (SUIP) of a rating unit located near the Kaitāia bus route. These rating units are identified on the map below.

How much is the rate?

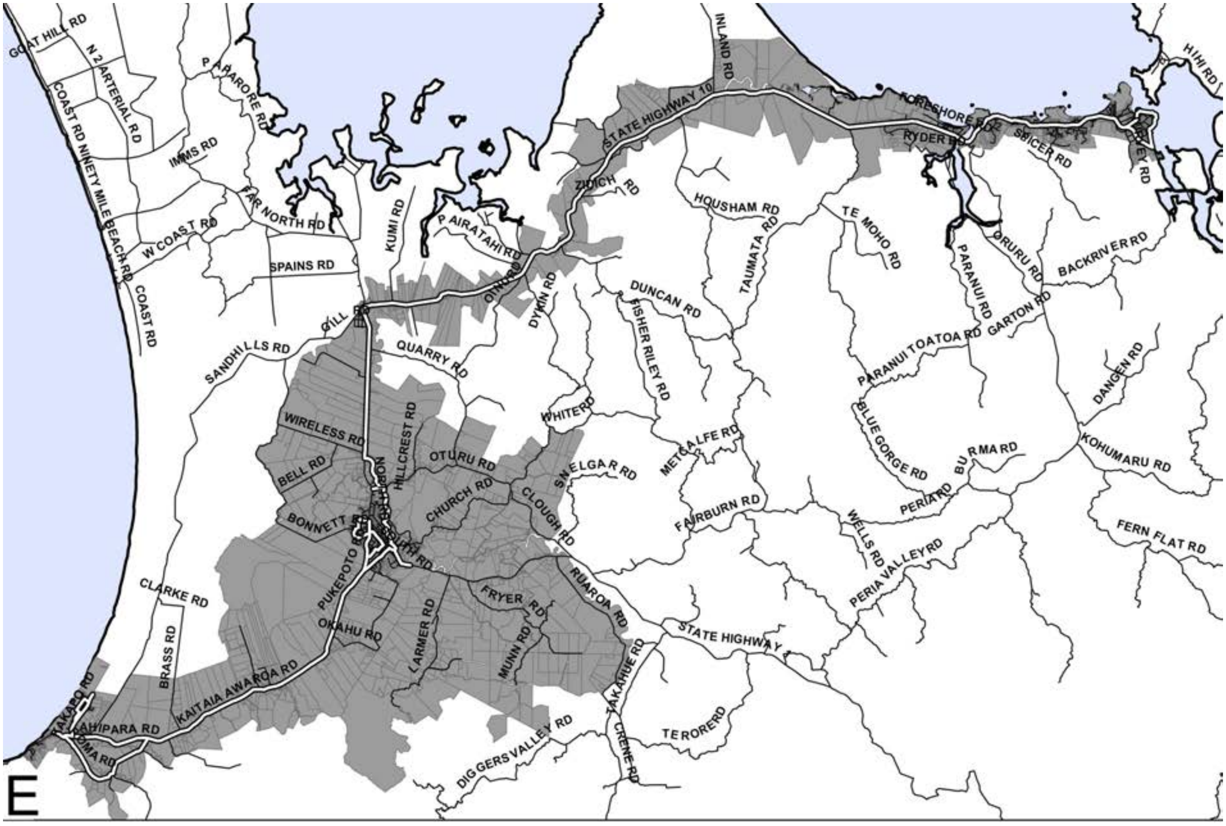
The estimated total Kaitāia transport rate (Far North district) is $93,936 (GST inclusive) for the 2015/16 financial year.

The rate will be set at $15.69 (GST inclusive) or $13.64 (GST exclusive) for each separately used or inhabited part (SUIP) of a rating unit located near the Kaitāia bus route, as illustrated in the map below.

How is the rate applied?

The Kaitāia transport rate (Far North district) will be applied to the transport activity to subsidise bus passenger transport in the Kaitāia/Mangōnui/Ahipara area.

Rating units for the Kaitāia transport rate (Far North district).



Mid-North transport rate (Far North district)

(proposed to commence 2016/2017)

What it funds

This rate funds the mid-North bus passenger transport service from 2016/17.

How it is set

The Mid North Transport Rate (Far North District) is a targeted rate as authorised by the Local Government (Rating) Act 2002. These rating units liable for the rate are identified on the map below. The rate is a fixed amount assessed on each separately used or inhabited part (SUIP) of a rating unit located near the Mid-North Bus route and is differentiated by category.

		Excl. GST Per SUIP	Incl. GST Per SUIP
1	Commercial properties on or near mid-North bus route (as defined on the map below).	$50.29	$57.84
2	Non-Commercial properties on or near mid-North bus route (as defined on the map below).	$25.15	$28.92

How much is the rate?

The estimated total Mid-North Transport Rate (Far North District) is $287,500 (GST inclusive) for the 2016/17 financial year.

The revenue sought from each category is as follows:

		Excl. GST Per SUIP	Incl. GST Per SUIP
1	Commercial properties on or near mid-North bus route (as defined on the map below).	$49,537	$56,968
2	Non-Commercial properties on or near mid-North bus route (as defined on the map below).	$200,463	$230,532
		$250,000	$287,500

How is the rate applied?

The Mid-North Transport Rate (Far North District) will be applied to the Transport Activity to subsidise bus passenger transport in the Mid-North Area.

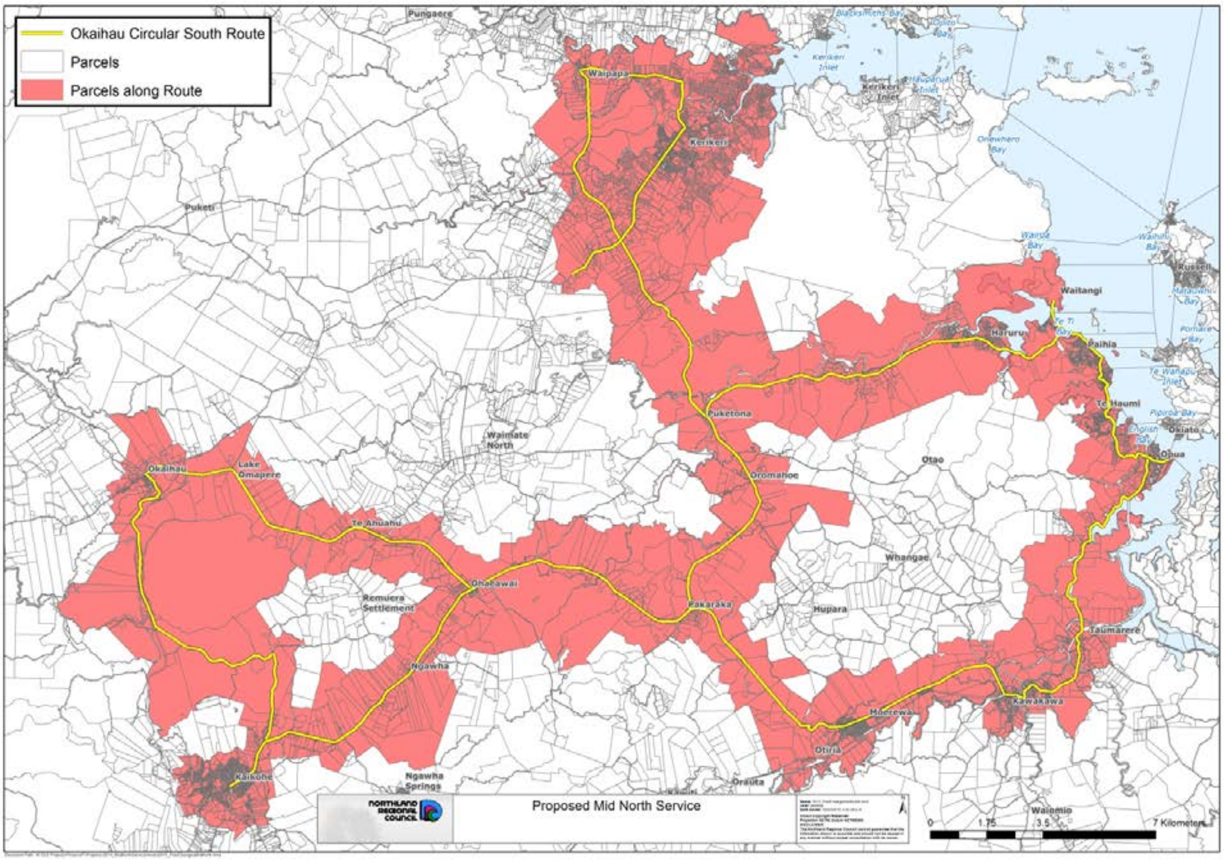
Mid-North transport rate differential

The Mid-North transport rate will be set on a differential basis as described in the table below.

The differentials are generally based on the land use as defined by Council's Valuation Service Provider and included in the Valuation Information Database. The differentials are set out in the following table. (Refer Local Government (Rating) Act 2002, Sections 13(2)(b) and 14 and Schedule 2 Clause 1.)

Differential	Basis	Description	Land use codes
Residential	100%	These are rating units which have a non-commercial use based on their actual use as defined by their land use code. (Note: in certain circumstances land with a commercial land use may be treated as general if the ratepayer demonstrates to Council's satisfaction that the actual use is not commercial.	0, 1, 2, 9, 10 to 17, 19 to 29, 90, 91, 92 & 97-99 (93 - 96 may also be treated as general if the actual use of the land is not commercial)
Commercial	200%	These are rating units which have some form of commercial or industrial use or are used primarily for commercial purposes as defined by their land use codes. (Note: in certain circumstances land with a general land code use may be treated as commercial if the actual use of the entire rating unit is commercial in nature.	3, 4, 5, 6, 7, 8, 18, 30 to 89, 93, 94, 95,& 96
Mixed Use		Mixed use may apply where two different uses take place on the rating and where each use would be subject to a different differential. In these circumstances Council may decide to split the rating unit in to two divisions for rating purposes and apply the appropriate differential to each part. *(Local Government (Rating) Act 2002 Section 27(5))*	
Council retains the right to apply a different differential where it can be demonstrated, to its satisfaction, that the actual use of the entire rating unit differs from that described by the current land use code.			

Rating units for the Mid-North Transport Rate (Far North District).



Awanui River management rate

What it funds

To fund works on the Awanui River flood management scheme.

How it is set

The Awanui River management rate is a targeted rate set under the Local Government (Rating) Act 2002, set differentially by location and area of benefit as defined in the Awanui River flood management scheme.

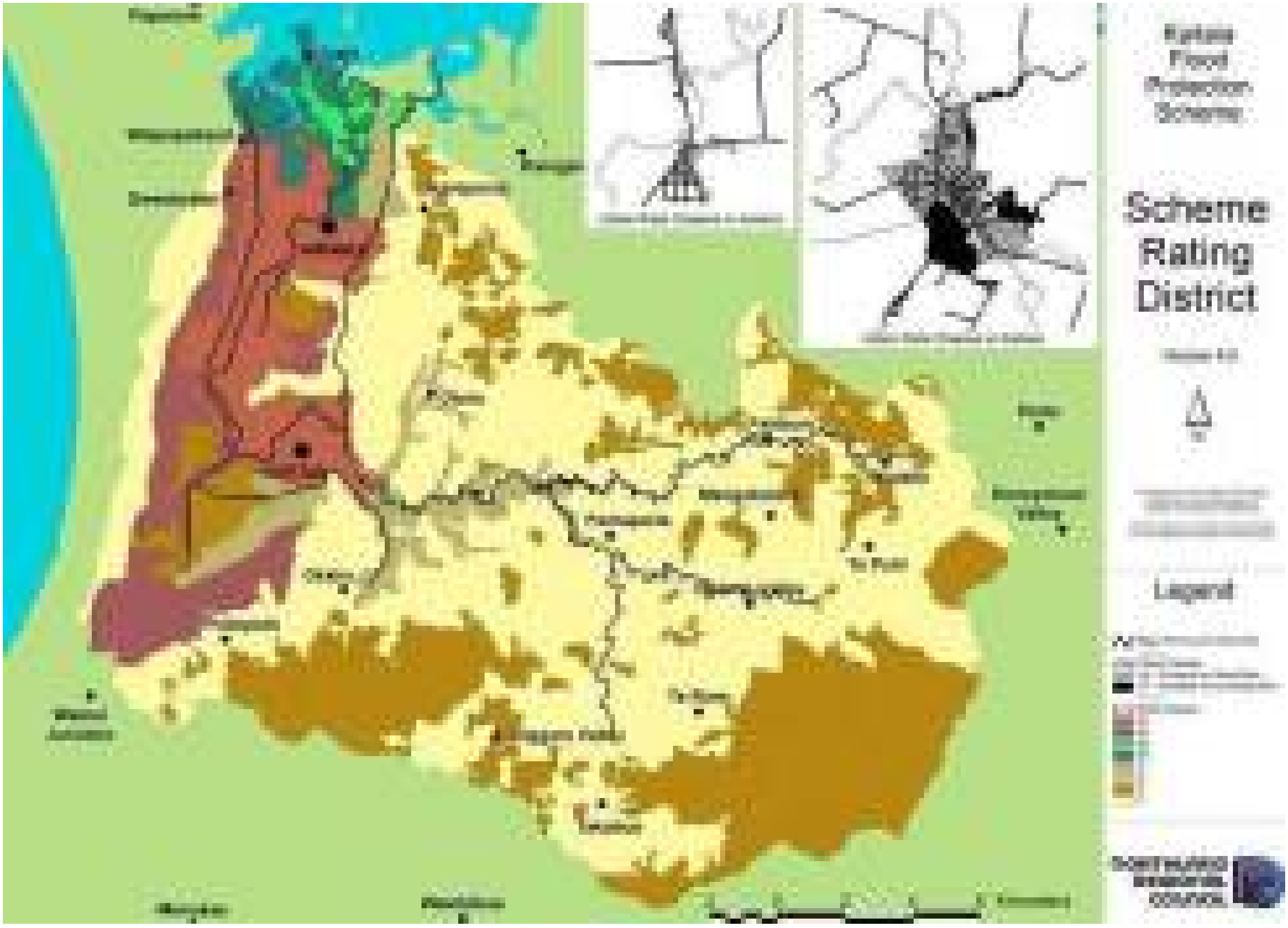
The rate is set differentially as follows:

		Excl. GST	Incl. GST
1	Urban rate class UA (floodplain location) $185.23 (including GST) direct benefit plus $18.53 (including GST) indirect benefit per separately used or inhabited part of a rating unit.	$177.18	$203.76
2	Urban rate classes UF (higher ground) $18.52 (including GST) direct benefit plus $18.53 (including GST) indirect benefit per separately used or inhabited part of a rating unit.	$32.22	$37.05
3	Commercial differential factor applicable to urban rate classes UA and UF, and rural hectare rate classes A1/A2, B1/B2, C, E and F.		3.0
4	Rural rate differentiated by class, $11.39 (including GST) per separately used or inhabited part of a rating unit of indirect benefit plus a rate per hectare for each of the following classes of land in the defined Kaitāia flood rating district as stated in the Awanui River asset management plan.	$9.90	$11.39

Awanui River management rate: description

The rating classifications and the rate charged are illustrated in the following map and table.

Awanui River Management Rate Classes.



Class	Description	Rate/Ha excl. GST	Rate/ha incl. GST
A1 / A2	Maximum benefit; peat basins, low-lying reclaimed tidal land; alluvial land at risk from frequent ponding and flooding.	$20.42	$23.48
B1 / B2	High benefit land subject to floodwater flows but not ponding as floods recede.	$15.31	$17.61
C	Moderate benefit; land floods less frequently and water clears quickly.	$10.21	$11.74
E	Land in flood-ways and ponding areas that receive no benefit and land retained in native bush that provides watershed protection.	–	–
F	Contributes run-off waters, and increases the need for flood protection.	$0.82	$0.94

For more detailed information on rating class boundaries, please refer to the Awanui Scheme Asset Management Plan which is available on our website.

How much is the rate?

The estimated total Awanui River management rate is $682,985 (including GST) for the 2015/16 financial year. The revenue sought from each category of rateable land will be as follows:

Class		Total revenue excl GST	Total revenue incl GST
Class A	Rural	$60,461	$69,530
Class B	Rural	$41,748	$48,011
Class C	Rural	$15,283	$17,576
Class F	Rural	$15,667	$18,017
Indirect benefit	Rural	$16,574	$19,060
Urban A		$255,234	$293,519
Urban F		$20,906	$24,042
Commercial differential	Majority urban	$168,026	$193,230
Total rate		$593,900	$682,985

How is the rate applied?

The rate is applied 100% to Awanui River flood management scheme works which form part of the river management activity.

Kaihū River management rate

What it funds

This rate funds channel maintenance works on the Kaihū River flood management scheme.

How it is set

The Kaihū River management rate is a targeted rate set under the Local Government (Rating) Act 2002, set differentially by location and area of benefit as defined in the Kaihū River management plan.

The council will set the rate differentially as follows:

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

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

Kaihū River management rate: description

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

How much is the rate?

The estimated total Kaihū River management rate is $89,171 (including GST) in the 2015/2016 financial year. The revenue sought from each category of rateable land will be as follows:

	Total revenue excl. GST	Total revenue incl. GST
Class A	$26,823	$30,846
Class B	$14,292	$16,435
Catchment rate	$31,475	$36,196
Urban contribution	$4,951	$5,694
	$77,540	$89,171

How is the rate applied?

The rate is applied 100% to Kaihū River management scheme works which form part of the river management activity.

Kerikeri-Waipapa rivers management rate

What it funds

This rate funds operational river works and detailed investigations into flood scheme design options within the Kerikeri-Waipapa area.

How it is set[1]

The Kerikeri-Waipapa rivers management rate is a targeted rate set under the Local Government (Rating) Act 2002, set on a uniform basis in respect of each separately used or inhabited part (SUIP) of a rating unit for properties identified in the map below as contributing catchments within the Kerikeri-Waipapa area.

How much is the rate?

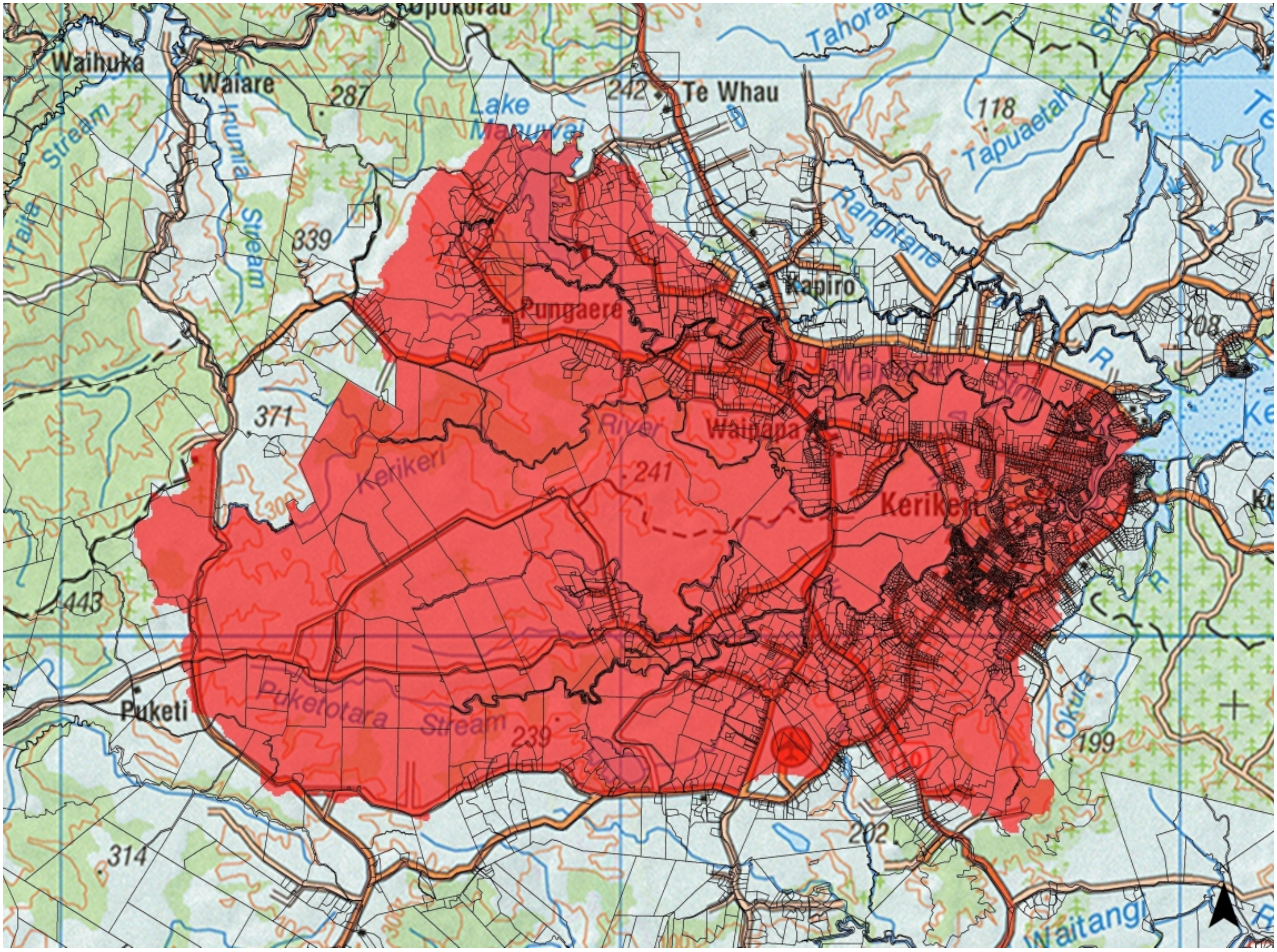
The total estimated Kerikeri-Waipapa rivers management rate is $361,060 (including GST) in the 2015/16 financial year.

The rate is set at $80.04 (including GST) or $69.60 (excluding GST) and is assessed on each separately used or inhabited part (SUIP) of a rating unit for properties identified in the map below.

How is the rate applied?

The rate is applied 100% to Kerikeri-Waipapa rivers flood management scheme works which form part of the river management activity.

Kerikeri-Waipapa rivers management rate area.



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[1] While this rate is initially set on a uniform basis in respect of each separately used inhabited part (SUIP) council intends to consult further to determine if a differential rate should be applied to a particular area of benefit falling within the properties identified within the Kerikeri-Waipapa rivers management rate area map, with any amended rate commencing in the 2016-17 financial year.

Kaeo-Whangaroa rivers management rate

What it funds

This rate funds operational and capital flood scheme works in Kaeo and Tauranga Bay, and minor river maintenance works to clear flood debris and gravel from streams from Taupō Bay to Te Ngaire.

How it is set

The Kaeo-Whangaroa rivers management rate is a targeted rate set by the Local Government (Rating) Act 2002, set on a uniform basis in respect of each separately used or inhabited part (SUIP)of a rating unit falling within the former Whangaroa ward rating rolls of 100-199.

How much is the rate?

The estimated total Kaeo-Whangaroa rivers management rate is $159,867 (including GST) in the 2015/16 financial year. The rate is set at $74.53 (including GST) or $64.81 (excluding GST) and will be assessed on each separately used or inhabited part (SUIP) of a rating unit falling between rating rolls 100-199 of the former Whangaroa ward.

How is the rate applied?

The rate is applied 100% to Kaeo-Whangaroa rivers management works which forms part of the river management activity.

Whāngārei urban rivers management rate

What it funds

This rate funds the operational costs and capital costs (detention dam 2015/16) of the flood risk reduction project for Whāngārei.

How it is set

The Whāngārei urban rivers management rate is a targeted rate set under the Local Government (Rating) Act 2002, differentiated by location (see maps below) and category and set as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit, as follows:

		Excl. GST Per SUIP	Incl. GST Per SUIP
1	Commercial properties in the Whāngārei CBD flood area.	$334.57	$384.75
2	Residential properties in the Whāngārei CBD flood area.	$127.16	$146.23
3	Properties in the contributing water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea River catchments).	$44.83	$51.56

Residential properties are defined as all rating units which are used principally for residential or lifestyle residential purposes, including retirement villages, flats etc. Residential properties also includes multi-unit properties, these being all separate rating units used principally for residential purposes, and on which is situated multi-unit type residential accommodation that is used principally for temporary or permanent residential accommodation and for financial reward, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs, hostels but excluding any properties which are licensed under the Sale and Supply of Alcohol Act 2012.

Commercial properties are all separate rating units used principally for commercial, industrial or related purposes which are no categorised as rural; or zoned for commercial, industrial or related purposes, but not otherwise categorised. For the avoidance of doubt, this category includes properties licensed under the Sale and Supply of Alcohol 2012; and private hospitals and private medical centres.

How much is the rate?

The estimated total Whāngārei urban rivers management rate is $1,291,362 (including GST) in the 2015/16 financial year. The revenue sought from each category is as follows:

		Excl. GST	Incl. GST
1	Commercial properties in the Whāngārei CBD flood area.	$349,621	$402,064
2	Residential properties in the Whāngārei CBD flood area.	$22,634	$26,029
3	Properties in the contributing water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea River catchments).	$750,669	$863,269
		$1,122,924	**$1,291,362**

How is the rate applied?

The rate is applied 100% to Whāngārei urban rivers management scheme works which form part of the river management activity.

Whāngārei CBD flood area.

Contributing water catchments in Whāngārei urban rivers management scheme.

Further rating information

Northland's three district councils collect rates on behalf of the regional council and hold delegated powers to discount, remit, postpone or add penalties to the regional rate, as resolved by the Far North district, Kaipara district and Whāngārei district councils.

Northland Regional Council will apply the definitions of the Far North, Kaipara and Whāngārei district councils to determine a rating unit or separately used or inhabited part of a rating unit as follows:

Far North District Council SUIP definition

A separately used or inhabited part (SUIP) of a rating unit is defined as:

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

The following are considered to be separately used or inhabited parts of a rating unit:

- Individual flats or apartments;
- Separately leased commercial areas which are leased on a rating unit basis;
- Vacant rating units;
- Single rating units which contain multiple uses such as a shop with a dwelling;
- A residential building or part of a residential building that is used, or can be used as an independent residence. An independent residence is defined as having a separate entrance cooking facilities e.g. cooking stove, range, kitchen sink etc together with living and toilet/bathroom facilities.

The following are not considered to be separately used or inhabited parts of a rating unit:

- A residential sleep-out or granny flat that does not meet the definition of an independent residence;
- A hotel room with or without kitchen facilities;
- A motel room with or without kitchen facilities;
- Individual offices or premises of business partner.

Whāngārei District Council SUIP definition

A separately used or inhabited part (SUIP) of a rating unit is defined as a clearly identified part of a property (rating unit) that is capable of separate use or being separately inhabited or occupied. For a commercial rating unit this includes a building or part of a building that is, or is capable of being, separately tenanted, leased or sub–leased. For a residential rating unit, this includes a building or part of a building which is used, or is capable of being used, as an independent residence. An independent residence means a self-contained dwelling containing separate cooking and living facilities; separate entrance; and separate toilet and bathroom facilities.

Examples include:

- Each separate shop or business activity on a rating unit is a separate part.
- Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) is a separate inhabitable part.
- Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land are separately inhabited parts.
- Each block of land for which a separate title has been issued, even if that land is vacant.

Far North District Council postponement charges

Pursuant to the Local Government (Rating) Act 2002, the Far North District Council may charge a postponement fee on all rates that are postponed under any of its postponement policies.

At the Far North District Council's discretion all the following postponement fees may be added to the total postponement balance:

- Application fee: $50 (including GST);
- Administration fee: $50 per annum (including GST);
- Management fee on the residential postponement policy: 1% on the outstanding balance (including GST);
- Reserve fund fee on the residential postponement policy: 0.25% on the outstanding balance (including GST);
- Independent advice/counselling fee on the residential postponement policy: $300 (including GST);
- Financing fee on all postponements: currently set at 6.5% per annum but may vary to match Far North District Council's average cost of funds (GST free).

Equalisation of rates

Each district in Northland is independently revalued by Quotable Value over a three-yearly cycle (one district per year). To ensure that property valuations in the remaining two districts are current, a registered valuer also provides us with "an estimate of projected value" of property values in those districts (as provided for in Section 131 of the Local Government (Rating) Act 2002). The council services rate is set by reference to the projected capital value of each district. The land management rate and regional infrastructure rate are set according to projected land values in each district – for these two rates, remember that if all the districts had the same valuation date, then each district would have the same rate per dollar of actual land value.

Inspection and objection to council's rating information database

The rating information database for each district is available at the relevant district council and on the district councils' websites. The website addresses are:

www.fndc.govt.nz

www.wdc.govt.nz

www.kaipara.govt.nz

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

How much will my rates be?

Presented on the next pages are some example rates for properties in each of Northland's three districts. The tables show the total rates that would apply to different groups of ratepayers under this long term plan.

Note that the rates detailed in this plan are worked out using estimated land or capital values (where applicable) – actual rates will be set using district valuation rolls as at 30 June 2015, so they may differ slightly.

RATEPAYERS IN THE WHĀNGĀREI DISTRICT

Whāngārei district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June, with an additional charge of $1.73 (including GST) per separately used or inhabited part of a rating unit to fund the maintenance of the Hātea Channel;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
5. A targeted, fixed transport rate assessed on each separately used or inhabited part of a rating unit;
6. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit. and
7. A targeted, Whāngārei urban rivers management rate differentiated by location and category and set as a fixed amount per each separately used or inhabited part of a rating unit.

Whangarei Urban/Rural/Other Land Management Rate = LV rate in the $ = 0.0003696 Infrastructure Rate = LV rate in the $ = 0.00003724	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Residential property (non CBD)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 120,000	$44.35	$ 40.51
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$4.47	$ 4.32
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Total regional rates (GST inclusive)		**$216.74**	**$ 201.55**
Residential property (non CBD)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 225,000	$83.16	$ 75.95
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$8.38	$ 8.11
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Total regional rates (GST inclusive)		**$259.46**	**$ 240.78**
Residential property (in CBD area)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 225,000	$83.16	$ 75.95
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$8.38	$ 8.11

Whangarei Urban/Rural/Other Land Management Rate = LV rate in the $ = 0.0003696 Infrastructure Rate = LV rate in the $ = 0.00003724	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Whangarei urban rivers management rate		$146.23	$ 104.28
Total regional rates (GST inclusive)		$405.69	$ 345.06
Residential property (in storm water catchment area)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 225,000	$83.16	$ 75.95
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$8.38	$ 8.11
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Whangarei urban rivers management rate		$51.56	$ 36.77
Total regional rates (GST inclusive)		$ 311.02	$ 277.55
Farm property			
Council services rate		$113.89	$ 107.40
Land management rate	$ 2,750,000	$1,016.49	$ 928.33
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$102.42	$ 99.10
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Total regional rates (GST inclusive)		$1,286.83	$ 1,184.15
Commercial property (non CBD)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 2,000,000	$739.26	$ 675.15
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$74.49	$ 72.07
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Total regional rates (GST inclusive)		$981.68	$ 903.94

Whangarei Urban/Rural/Other Land Management Rate = LV rate in the $ = 0.0003696 Infrastructure Rate = LV rate in the $ = 0.00003724	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Commercial property (in CBD area)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 2,000,000	$739.26	$ 675.15
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$74.49	$ 72.07
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Whangarei urban rivers management rate		$384.75	$ 274.37
Total regional rates (GST inclusive)		$1,366.43	$ 1,178.31
Residential Property (in the Whangarei Heads Pest Management area)			
Council services rate		$113.89	$ 107.40
Land management rate	$ 225,000	$83.16	$ 75.95
Regional recreational facilities rate		$28.75	$ 28.75
Regional infrastructure rate		$8.38	$ 8.11
Transport rate (Whangarei district)		$13.44	$ 12.54
Rescue helicopter services rate		$ -	$ 8.03
Emergency services rate		$11.84	-
Whangarei urban rivers management rate		$50.00	-
Total regional rates (GST inclusive)		$309.46	$ 240.78

RATEPAYERS IN THE KAIPARA DISTRICT

Kaipara district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
5. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit; and
6. A targeted Kaihu River management rate, based on land area, and level of benefit to land and rating units.

Kaipara urban/rural Land Management Rate = LV rate in the $ = 0.0003563 Infrastructure Rate = LV rate in the $ = 0.00003605	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Residential property			
Council services rate		$ 116.00	$ 110.24
Land management rate	$ 120,000	$ 42.76	$ 39.94
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 4.33	$ 4.29
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Total regional rates (GST inclusive)		**$ 180.68**	**$ 168.25**
Residential property			
Council services rate		$ 116.00	$ 110.24
Land management rate	$ 225,000	$ 80.17	$ 74.88
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 8.11	$ 8.05
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Total regional rates (GST inclusive)		**$ 221.87**	**$ 206.95**
Farm property			
Council services rate		$ 116.00	$ 110.24
Land management rate	$ 2,750,000	$ 979.98	$ 915.24
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 99.15	$ 98.36
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Total regional rates (GST inclusive)		**$ 1,212.72**	**$ 1,137.62**

Additional for properties in the Kaihu River catchment	Land value	2015-16 Rates Incl. GST		2014-15 Rates Inc. GST	
10 hectares	Class A	$	256.20	$	256.22
	Class B	$	128.10	$	128.10
	Catchment rate	$	19.20	$	19.20
100 hectares	Class A	$	2,562.00	$	2,562.20
	Class B	$	1,281.00	$	1,281.00
	Catchment rate	$	192.00	$	192.00

RATEPAYERS IN THE FAR NORTH DISTRICT

Far North district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of a rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit; and
5. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit.

Far North Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 120,000	$ 41.98	$ 40.78
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 4.25	$ 4.34
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Total regional rates (GST inclusive)		**$ 155.13**	**$ 147.27**
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 225,000	$ 78.71	$ 76.46
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 7.97	$ 8.14
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Total regional rates (GST inclusive)		**$ 195.58**	**$ 186.75**
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 2,750,000	$ 962.04	$ 934.38
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 97.36	$ 99.50
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Total regional rates (GST inclusive)		**$ 1,168.30**	**$ 1,136.02**

Far North district ratepayers in the Awanui river management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of a rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
5. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit; and
6. A targeted Awanui River management rate, classes UA/UF, A, B, C, E and F.

Far North - Awanui Catchment Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Residential and commercial urban			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 120,000	$ 41.98	$ 40.77
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 4.25	$ 4.34
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Plus Awanui River management rates applicable to:			
Urban UA low land		$ 203.76	$ 140.92
Urban UF hills		$ 37.05	$ 25.62
Commercial urban UA[1]		$ 611.28	$ 422.76
Lifestyle - 10 hectares			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 450,000	$ 157.42	$ 152.91
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 15.93	$ 16.28
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Plus Awanui River management rates applicable to:			
Rural commercial A		$ 715.74	$ 495.08
Rural commercial B		$ 539.75	$ 373.28
Rural class A		$ 246.17	$ 170.28

[1] Commercial properties for the Awanui River management rate are subject the 3:1 commercial differential on class UA ($203.76 including GST for urban commercial; $23.48 per ha for rural commercial A and $17.61 for rural B. The rural commercial rate also includes a single rate of $11.39 to reflect the indirect benefit. Note that commercial and industrial activities in rural zones that have a lower area and land value will be rated less than the illustrated differentials above - refer to rating factors previously set out (and multiply by the differential factor of 3). Those properties with greater land values and hectares than illustrated above will consequently pay proportionately more than shown in the second and third sections of the table.

Far North - Awanui Catchment Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Rural class B		$ 187.51	$ 129.68
Rural class C		$ 128.80	$ 89.08
Rural class E		$ 11.39	$ 7.88
Rural class F		$ 20.78	$ 14.38
Farm Property - 100 hectares			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 2,750,000	$ 962.01	$ 934.45
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 97.36	$ 99.50
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Plus Awanui River management rates applicable to:			
Non Farm Com. A&B		[1]	[1]
Rural class A		$ 2,359.22	$ 1,631.88
Rural class B		$ 1,772.59	$ 1,225.88
Rural class C		$ 1,185.52	$ 819.88
Rural class E		$ 11.39	$ 7.88
Rural class F		$ 105.37	$ 72.88

Far North district ratepayers in the Kaeo-Whangaroa rivers management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of a rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
5. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit; and
6. A targeted Kaeo-Whangaroa Rivers management rate set on a uniform basis in respect of each separately used or inhabited part of a rating unit for properties falling within the former Whangaroa ward (rating rolls 100-199).

Far North Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 120,000	$ 41.98	$ 40.78
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 4.25	$ 4.34
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Kaeo - Whangaroa Rivers management rate		$ 74.53	$ 74.53
Total regional rates (GST inclusive)		$ 229.66	$ 221.80
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 225,000	$ 78.71	$ 76.46
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 7.97	$ 8.14
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Kaeo - Whangaroa Rivers management rate		$ 74.53	$ 74.53
Total regional rates (GST inclusive)		$ 270.11	$ 261.28
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 2,750,000	$ 962.04	$ 934.48
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 97.36	$ 99.50
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-

Far North Land Management Rate = LV rate in the \$ = \$0.0003498 Infrastructure Rate = LV rate in the \$ = \$0.00003540	Land value	2015-16 Rates Incl. GST		2014-15 Rates Inc. GST	
Kaeo - Whangaroa Rivers management rate		$	74.53	$	74.53
Total regional rates (GST inclusive)		$	1,242.83	$	1,210.65

Far North district ratepayers in the Kerikeri-Waipapa rivers management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of a rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
5. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit; and
6. A targeted, fixed Kerikeri-Waipapa rivers management rate set on a uniform basis in respect of each separately used or inhabited part of a rating unit for properties falling within the Kerikeri-Waipapa catchment area.

Far North Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 120,000	$ 41.98	$ 40.78
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 4.25	$ 4.34
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Kerikeri - Waipapa Rivers management rate		$ 80.04	$ 49.96
Total regional rates (GST inclusive)		$ 235.17	$ 197.23
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 225,000	$ 78.71	$ 76.46
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 7.97	$ 8.14
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-
Kerikeri - Waipapa Rivers management rate		$ 80.04	$ 49.96
Total regional rates (GST inclusive)		$ 275.62	$ 236.71
Residential/commercial/other			
Council services rate		$ 91.31	$ 88.37
Land management rate	$ 2,750,000	$ 962.04	$ 934.48
Regional recreational facilities rate		$ 5.75	$ 5.75
Regional infrastructure rate		$ 97.36	$ 99.50
Rescue helicopter services rate		-	$ 8.03
Emergency services rate		$ 11.84	-

Far North Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST		2014-15 Rates Inc. GST	
Kerikeri - Waipapa Rivers management rate		$	80.04	$	49.96
Total regional rates (GST inclusive)		$	1,248.34	$	1,186.08

Far North district ratepayers in the Kaitaia transport rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of a rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted, fixed regional recreational facilities rate, differentiated by location in the Northland region and assessed on each separately used or inhabited part of a rating unit;
4. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
5. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit; and
6. A targeted, fixed Kaitaia transport rate assessed on each separately used or inhabited part of a rating unit falling within the targeted area.

Far North Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value		2015-16 Rates Incl. GST		2014-15 Rates Inc. GST	
Residential/commercial/other						
Council services rate			$	91.31	$	88.37
Land management rate	$	120,000	$	41.98	$	40.78
Regional recreational facilities rate			$	5.75	$	5.75
Regional infrastructure rate			$	4.25	$	4.34
Rescue helicopter services rate				-	$	8.03
Emergency services rate			$	11.84		-
Kaitaia transport rate			$	15.69	$	15.47
Total regional rates (GST inclusive)			**$**	**170.82**	**$**	**162.74**
Residential/commercial/other						
Council services rate			$	91.31	$	88.37
Land management rate	$	225,000	$	78.71	$	76.46
Regional recreational facilities rate			$	5.75	$	5.75
Regional infrastructure rate			$	7.97	$	8.14
Rescue helicopter services rate				-	$	8.03
Emergency services rate			$	11.84		-
Kaitaia transport rate			$	15.69	$	15.47
Total regional rates (GST inclusive)			**$**	**211.27**	**$**	**202.22**
Residential/commercial/other						
Council services rate			$	91.31	$	88.37
Land management rate	$	2,750,000	$	962.04	$	934.48
Regional recreational facilities rate			$	5.75	$	5.75
Regional infrastructure rate			$	97.36	$	99.50
Rescue helicopter services rate				-	$	8.03
Emergency services rate			$	11.84		-

Far North Land Management Rate = LV rate in the $ = $0.0003498 Infrastructure Rate = LV rate in the $ = $0.00003540	Land value	2015-16 Rates Incl. GST	2014-15 Rates Inc. GST
Kaitaia transport rate		$ 15.69	$ 15.47
Total regional rates (GST inclusive)		$ 1,184.00	$ 1,151.59

Summary table of rates

The following table illustrates the distribution of the regional rate on the actual and forecast bases for the current year and the next financial year 2015/16. The actual and projected apportionment of rates between Northland's districts is as follows, based on the Valuation Roll at 30 June in each year:

District Valuation Roll

Estimate – 30 June 2015

	Gross no. rating units (Kaipara or SUIP others)	Net no. rating units (Kaipara or SUIP others)	Capital value $000's	Land value $000's	Equalised capital value $000s	Equalised land value $000s	Equalised capital value %	Equalised land value %
Far North District	36,784	35,802	13,051,168	6,987,152	13,050,975	6,923,723	34.70%	34.86%
Kaipara District	14,190	13,328	6,172,125	3,646,748	6,172,126	3,646,748	16.41%	18.36%
Whangarei District	42,769	41,073	17,813,744	8,877,608	18,392,343	9,288,321	48.90%	46.78%
Total valuation - Northland	**93,743**	**90,203**	**37,037,037**	**19,511,508**	**37,615,444**	**19,858,792**	**100.00%**	**100.00%**

	Budgeted rates 2015-16 (Including GST)					Budgeted rates 2014-15 (Including GST)				
	Far North District	Kaipara District	Whangarei District	Total $ (gross)	Total $ (net)	Far North District	Kaipara District	Whangarei District	Total $ (gross)	Total $ (net)
Council service rate										
Rates per SUIP	$91.31			$ 3,358,801	$ 3,269,177	$88.37			$ 3,234,608	$ 3,132,809
Rates per RU		$116.00		$ 1,646,068	$ 1,546,074		$110.24		$ 1,468,021	$ 1,456,005
Rates per SUIP			$113.89	$ 4,871,169	$ 4,678,003			$107.40	$ 4,500,136	$ 4,323,683
				$ 9,876,038	**$ 9,493,254**				**$ 9,202,765**	**$ 8,912,497**
Land management rate										
Rate per $ of actual LV	$ 0.0003498			$ 2,444,265	$ 2,423,113	$ 0.0003398			$ 2,375,924	$ 2,348,130
Rate per $ of actual LV		$ 0.0003563		$ 1,299,358	$ 1,276,262		$ 0.0003328		$ 1,190,753	$ 1,187,709
Rate per $ of actual LV			$ 0.0003696	$ 3,281,051	$ 3,250,658			$ 0.0003376	$ 3,017,119	$ 2,989,020
				$ 7,024,674	**$ 6,950,033**				**$ 6,583,796**	**$ 6,524,859**
Regional recreational facilities										
Rates per SUIP	$ 5.75			$ 211,505	$ 205,862	$ 5.75			$ 210,473	$ 203,849
Rates per RU		$ 5.75		$ 81,593	$ 76,636		$ 5.75		$ 76,573	$ 75,946
Rates per SUIP			$ 28.75	$ 1,229,609	$ 1,180,849			$ 28.75	$ 1,204,683	$ 1,157,446
				$ 1,522,706	**$ 1,463,346**				**$ 1,491,728**	**$ 1,437,241**
Regional infrastructure rate										
Rate per $ of actual LV	$ 0.00003540			$ 247,370	$ 245,118	$ 0.00003618			$ 253,011	$ 253,011

	Budgeted rates 2015-16 (Including GST)					Budgeted rates 2014-15 (Including GST)				
	Far North District	Kaipara District	Whangarei District	Total $ (gross)	Total $ (net)	Far North District	Kaipara District	Whangarei District	Total $ (gross)	Total $ (net)
Rate per $ of actual LV		$ 0.00003605		$ 131,466	$ 129,104		$ 0.00003577		$ 127,975	$ 127,975
Rate per $ of actual LV			$ 0.00003724	$ 330,640	$ 328,831			$ 0.00003603	$ 322,067	$ 322,067
				$ 709,476	$ 703,053				$ 703,053	$ 703,053
Emergency service rate										
Rates per SUIP	$ 11.84			$ 435,511	$ 423,890	-			-	-
Rates per RU		$ 11.84		$ 168,007	$ 157,802		-		-	-
Rates per SUIP			$ 11.84	$ 506,379	$ 486,298			-	-	-
				$ 1,109,897	$ 1,067,990				-	-
Rescue heliopter service rate										
Rates per SUIP	-			-	-	$ 8.03			$ 294,061	$ 284,806
Rates per RU		-		-	-		$ 8.03		$ 106,983	$ 106,107
Rates per SUIP			-	-	-			$ 8.03	$ 336,622	$ 323,424
				-	-				$ 737,666	$ 714,337
Whangarei transport rate										
Rates per SUIP	-			-	-	-			-	-
Rates per RU		-		-	-		-		-	-
Rates per SUIP			$ 13.44	$ 574,815	$ 552,021			$12.54	$ 525,320	$ 504,722
				$ 574,815	$ 552,021				$ 525,320	$ 504,722
Whangarei Heads pest management rate										
Rates per SUIP	-			-	-	-			-	-
Rates per RU		-		-	-		-		-	-
Rates per SUIP			$ 50.00	$ 107,250	$ 103,000			-	-	-
				$ 107,250	$ 103,000				-	-
Kaitaia transport rate										
Rates per SUIP	$ 15.69			$ 95,709	$ 93,936	$ 15.47			$ 93,582	$ 91,849
Rates per RU		-		-	-		-		-	-
Rates per SUIP			-	-	-			-	-	-
				$ 95,709	$ 93,936				$ 93,582	$ 91,849
Whangarei urban rivers management rate										
Rates per SUIP				-	-				-	-
Rates per RU				-	-				-	-
Rates per SUIP				$ 1,311,299	$ 1,291,362				$ 827,431	$ 827,431
				$ 1,311,299	$ 1,291,362				$ 827,431	$ 827,431
Awanui river management rate										

	Budgeted rates 2015-16 (Including GST)					Budgeted rates 2014-15 (Including GST)				
	Far North District	Kaipara District	Whangarei District	Total $ (gross)	Total $ (net)	Far North District	Kaipara District	Whangarei District	Total $ (gross)	Total $ (net)
Far North District - Rural				$ 174,041	$ 172,194				$ 125,913	$ 125,662
Far North District - Urban				$ 514,303	$ 510,791				$ 356,165	$ 354,926
				$ 688,344	$ 682,985				$ 482,077	$ 480,588
Kaihu river management rate										
Kaipara				$ 89,171	$ 89,171				$ 90,404	$ 90,404
Kaeo-Waipapa river management rate										
Far North (Kaeo only)	$ 74.53			$ 172,425	$ 159,867	$ 74.53			$ 154,352	$ 154,352
Kerikeri-Waipapa rivers management rate										
Far North (Kerikeri-Waipapa only)	$ 80.04			$ 365,383	$ 361,060	$ 49.96			$ 225,469	$ 220,823
TOTAL RATES (including GST)										
Far North District				$ 8,019,313	$ 7,865,008				$ 7,323,558	$ 7,170,217
Kaipara District				$ 3,415,663	$ 3,275,049				$ 3,060,709	$ 3,044,146
Whangarei District				$ 12,212,210	$ 11,871,021				$ 10,733,377	$ 10,447,793
TOTAL				$ 23,647,186	$ 23,011,078				$ 21,117,643	$ 20,662,156

For more detail on the different types of rates, see 'Types of rates'.

Rating base information

The table below sets out the projected number of council rating units within the Northland region (by district), over the 10 years of this plan.

	2014-15 Annual Plan	Year 1 2015-16	Year 2 2016-17	Year 3 2017-18	Year 4 2018-19	Year 5 2019-20	Year 6 2020-21	Year 7 2021-22	Year 8 2022-23	Year 9 2023-24	Year 10 2024-25
Whāngārei District Council - SUIPs	40,259	40,510	40,713	40,916	41,121	41,326	41,533	41,741	41,949	42,159	42,370
Far North District Council - SUIPs	35,452	35,559	35,737	35,915	36,095	36,276	36,457	36,639	36,822	37,007	37,192
Kaipara District Council - Rating Units	13,208	13,171	13,237	13,303	13,370	13,436	13,504	13,571	13,639	13,707	13,776
Total SUIPs/Rating Units	88,919	89,240	89,686	90,135	90,585	91,038	91,493	91,951	92,411	92,873	93,337

SECTION FOUR: FINANCES

Financial strategy

INTRODUCTION

The financial strategy outlines the key financial parameters and limits that we as a council will operate within. This provides the context in which decisions were made, priorities, trade-offs and the effect on rates and what we are able to deliver.

In preparing this long-term plan we have been mindful of the balance between maintaining (and in some cases increasing) service levels while keeping rates affordable. Overall, we will continue on our current path of investing in the region. Economic development remains a priority, as is responding to a number of new requirements that the government has placed upon us, such as the implementation of the National Policy Statement for Freshwater Management (NPS Freshwater). There are also increasing community expectations in terms of our role as environmental guardians, and to provide improved infrastructure and public transport options. We have made some funding changes to keep rates at an affordable level. These are set out in this strategy.

Key issues

In developing our financial strategy, we have made some assumptions on what we think the community desires. Key matters we considered are:

- Should we use external borrowing when it makes sense to do so (that is, when we can earn more from our investment income than it costs us to borrow or we can reduce costs to ratepayers when the interest of debt is lower than the opportunity cost of using cash reserves)?
- Should we change the way we invest, to seek to increase our investment returns, even if it means taking on a higher level of risk?
- Should we use our general reserves to fund operating activities to contain rate increases?
- Should we invest $1.7 million from the returns on our commercial investments to our Investment and Growth Reserve for spending on economic development initiatives, or should we invest more or less?
- Should we reduce or increase our services and what we deliver, which will impact on our rate levels and if we should, in which activities?
- Do we have the correct balance between funding services from rates or fees and charges?

WHERE WE ARE NOW

The council continues to be in a sound financial position. Council holds investment assets (including current cash and cash equivalents with a market value of 140 million.(1) These investments are expected to provide investment income of approximately $7.8 million (2015/16). Investment income is used to further economic development and fund operations, thereby reducing the rating incidence for all ratepayers. We do not currently borrow from external funds and therefore have no external debt.

We will continue to set our rates at a sufficient level to ensure that we can meet our expenditure and funding obligations. After paying for the cost of delivering our annual operating programmes, we use leftover revenue to fund capital expenditure, meet our principal repayments on internal debts, set aside investment revenue in the Investment and Growth Reserve and provide a small surplus to meet future contingencies.

Finding the right balance between affordability and making positive progress for our region continues to be a major concern for council. There are increasing community expectations in terms of our role as environmental guardians, to provide improved infrastructure and public transport options, and economic growth opportunities. In order to balance these requirements against ongoing affordability we will use council reserves (land management reserve) to fund $275,000 per year of operating expenditure during the first three years of the plan. Council has also agreed to fund unexpected or unknown expenditure from reserves (land management reserve and equalisation reserve), rather than budgeting for such expenditure, examples include provision for doubtful debts on unpaid rates exceeding $590 thousand (expected to be less than $250 thousand per year) and legal costs associated with appeals on plan changes. Using reserves in these circumstances will enable us to extend and support increased service levels and a range of environmental and economic development initiatives while keeping rate increases affordable.

In 2010 we decided to begin redirecting our investment income from subsidising rates, to fund projects that will increase Northland's economic performance. Council established the investment and growth reserve to hold these funds. This initiative meant that in the 2012-22 Long Term Plan, projected rate increases were between 6-8% each year over each of the 10 years. Following the prolonged recession, council recognises these increases are not sustainable in the current economic climate. Over the term of the 2015-25 Long Term Plan council will hold the

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1 Council holds 22,142,907 shares in Marsden Maritime Holdings Limited (53.61%). These shares are recorded at historical cost of $7,827,563 (25 cents per share) in council's balance sheet, but have a current share value (as at 30 January 2015) of $60,007,278 ($2.71 per share).

redirection of the investment income to the Investment and Growth Reserve at a constant $1.7 million to help keep rate increases affordable.

During 2014-15 the council's region-wide rates were not increased from the previous year despite the long-term plan projections of a 7.2% increase region-wide. The existing services can again be delivered within historical cost structures, the demand for improved levels of service has resulted in the need to increase targeted region-wide rates by 5% (average of $8.70 per rateable unit) with projected increases of 2.5-3.3% (including inflation adjustments) each year for the next 10 years.

LOOKING AHEAD

In looking ahead, we are not expecting to face significant change to our region that would affect the services we deliver; population and housing growth will remain low and less than the national average, high rainfall events will likely continue and our communities' ability to pay rates remains an issue.

Our population...

- Is expected to grow at a slow rate (around 0.5% annually on average) over the life of this plan. These small population changes generally have very little impact on our services and existing resources can cope with service demands without major adjustments. The projected low growth also means small or no increases in the number of rateable properties over the next 10 years, which means fewer opportunities for greater economies of scale (spreading the cost over more ratepayers).

- The average age in Northland is predicted to increase over the next 10 years. The over 65 age group will make up 23.6% compared to 19.3% nationally. Council recognises that this age bracket is more likely to retire on low fixed incomes and be predominately reliant on superannuation in their later years.

The use of land...

- Is not expected to significantly change within our region over the next 10 years in a way that would impact on our services and costs.

Our weather...

- Is susceptible to high-intensity rains that can cause severe flooding and also droughts in the summer months. Climate change is predicted to cause higher temperatures and extreme weather patterns with greater intensity rain events and periods of drought. Projected increases in rainfall intensity and sea level rise will affect the capacity of our flood protection infrastructure to cope. This will impact on the extent of flood protection work required (further addressed in section 5: River schemes).

Price increases associated with inflation...

- Are expected to continue to increase at a rate of between 2.34% and 3.28% per annum across all expenditure categories with the exception of staff and electricity costs. Council has plans to set its rates increases at the same level as the local government general expenditure inflation forecasts.

The ability of our communities to pay...

- Is likely to continue to be constrained as the Northland economy took longer to move out of the financial recession than other regions of New Zealand (in part due to climatic conditions).

CHALLENGES WE FACE

Growing our economy

Northland's gross domestic product or GDP (an indicator of the region's standard of living) is the fourth lowest among all 16 regions in New Zealand (ahead of Gisborne, Tasman and Manawatu-Whanganui), and is about 77% of the national average. We believe that economic growth is vital for generating the resources needed to address some of the pressing problems affecting Northland, such as poor housing, health and education. As a council we consider it important that we take an active role in supporting the economic development of our region.

The Investment and Growth Reserve is used to fund specific projects that will increase Northland's economic performance including increasing the number of jobs and average household income of the region.

We are proposing to hold the redirection of the investment income to the Investment and Growth Reserve at a constant $1.7 million, rather than incrementally increasing this each year. Council still believes this level of funding can make a positive difference and the level of funds transferred can be reviewed again once the economy and ratepayers' ability to pay increases.

Increased workload

There remain big challenges ahead as the government passes on more responsibilities to councils. The National Policy Statement for Freshwater Management in particular has significant resource impacts for councils. There is more work in the pipelines as the government rolls out potential changes in the way we manage biodiversity, forestry, flood risk, urban areas and other natural and physical resources. Council wants to expand a number of its environmental work programmes to delivering and positively engaging with more of the region. The government is also pushing for councils to have smarter and more effective regulation, cut red tape and enable productivity.

This all means real pressure on us to find efficiencies and savings across the life of this plan to keep activities within current funding levels.

River schemes

Managing the flooding of our rivers is essential for Northland, as river flooding provides the highest natural hazard risk to the region and our communities because of the extensive development on flood-plains and our exposure to high intensity rainfall events. The council's role in flood protection and control works is to identify flood risks facing our region, develop plans to reduce the risk, and where appropriate, undertake works to minimise the risks of flooding.

We will continue investing in new flood protection schemes. We have developed a strategy that sets out how we intend to manage flood protection and control work assets. The strategy outlines:

- The significant flood protection and control infrastructure issues we expect to face over the next 30 years;
- What we propose to do about these issues; and
- What we expect that to cost.

The strategy will help us make informed decisions in the short-term that will position us to deal with the major decisions and investments in the future.

At the current time we have existing flood control infrastructure in place in Awanui (asset value $10.5 million) and Kaeo- Whangaroa ($786 thousand). We are constructing the Kotuku detention dam as part of the Whāngārei urban rivers scheme.

We have targeted scheme rates in place for Awanui, Kaihū, Kaeo-Whangaroa, Kerikeri-Waipapa and Whāngārei.

Council, in conjunction with the affected communities, endeavours to find the right balance between providing the necessary infrastructure and the affected communities' (and region's) ability to pay.

More detailed information can be found in the Infrastructure Strategy and Awanui River Scheme Asset Management Plan; both documents are available on council's website.

Increasing returns on investments

Council is looking at ways to increase its investment returns. This will enable council to increase its work programmes and deliver more to the region. Council must balance the desire to increase investment returns against the very real need to safeguard the ratepayers' assets so the benefits can be enjoyed by future generations. Investment returns can be affected by influences outside council's control. Council is also mindful that the decisions to sell or retain its leasehold investments may also impact on the wider economic environment of the region.

Focusing on the right activities

Council must also balance its defined role and purpose (as defined in the Local Government Act 2002) with wider community desires and what it believes will make a positive difference. Examples of this are council's proposal to provide funding for essential lifesaving emergency services and us asking communities if they are willing to fund bus services that do not meet the strict criteria for New Zealand Transport Authority subsidy funding.

Balancing affordability and who pays

Council is mindful of getting the right balance in terms of who benefits and who pays for services against affordability, wider social benefits and important flood protection and control work infrastructure. These elements are closely scrutinised when council proposes and establishes its targeted rates for the river schemes and bus route proposals.

The same scrutiny is applied (private versus public benefit) in setting user fees and charges.

Managing the rates arrears

Historically, council has needed to budget for doubtful debts on unpaid rates. This issue predominately relates to the Far North district, where there are significant portions of Māori freehold land. Over the last three years, Far North District Council has collected about 85% of its rates strike compared with 90% and 97% in Kaipara and Whāngārei respectively. Similarly, Far North collects around 17% of its arrears compared with 57% and 46% collected in Kaipara and Whāngārei respectively. As a result, in the 2013/14 financial year, council had a net rates write-off of $635 thousand (2012/13: $729 thousand).

Council has needed to allow for these unpaid rates in setting its budget. We have a total provision of $850 thousand in our budgets: $590 thousand is funded from rates and general funds and up to $250 thousand is to be funded from the equalisation fund each year. We will continue to work with Far North District Council to try to find workable solutions to reducing the amount of unpaid rates.

Where we want to be

We believe our ratepayers want us to achieve a balance between the affordability of rates and providing the good quality of services that contribute to the environmental enhancement and economic growth of the region. This means having a fair rating system, achieving good returns on our investments, keeping rate increases as low as possible, delivering high quality services – including doing more for less – and ensuring that new and existing flood protection and control works infrastructure is resilient in the face of future natural hazards.

WHAT WE PLAN TO DO

Our strategy continues to:

- Listen to the community to ensure we respond to ratepayers' needs and wants.
- Maintain and where possible, increase the services we provide as efficiently as possible.

- To maximise returns to the regional community from funds invested and effective use of our assets.
- Maintain a strong balance sheet with a high weighting of assets to liabilities (an indication of financial strength and low risk).
- Maintain a balanced budget.
- Remain a net investor, borrowing internally where appropriate to fund the capital investment in our river schemes and other infrastructure (such as the Northland Events Centre and properties purchased on the Marsden Point Rail Link).
- Continue to redirect some of our investment income away from subsidising rates (by funding operating expenditure) to invest in economic development initiatives.
- Maintain and, where the affected communities desire, enhance or create new flood protection and control work infrastructure.

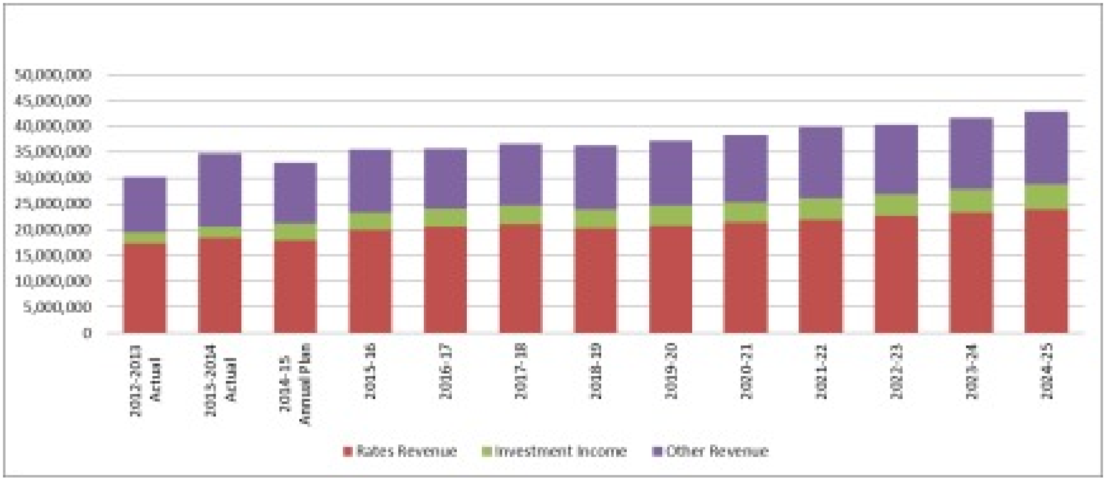
The following sections outline the individual parts of our financial strategy including:

- how we will balance the books;
- areas in which we are changing our spending;
- how we are funding our expenditure (using rates, user fees and debt); and
- more detail on borrowing securities policy and investment management.

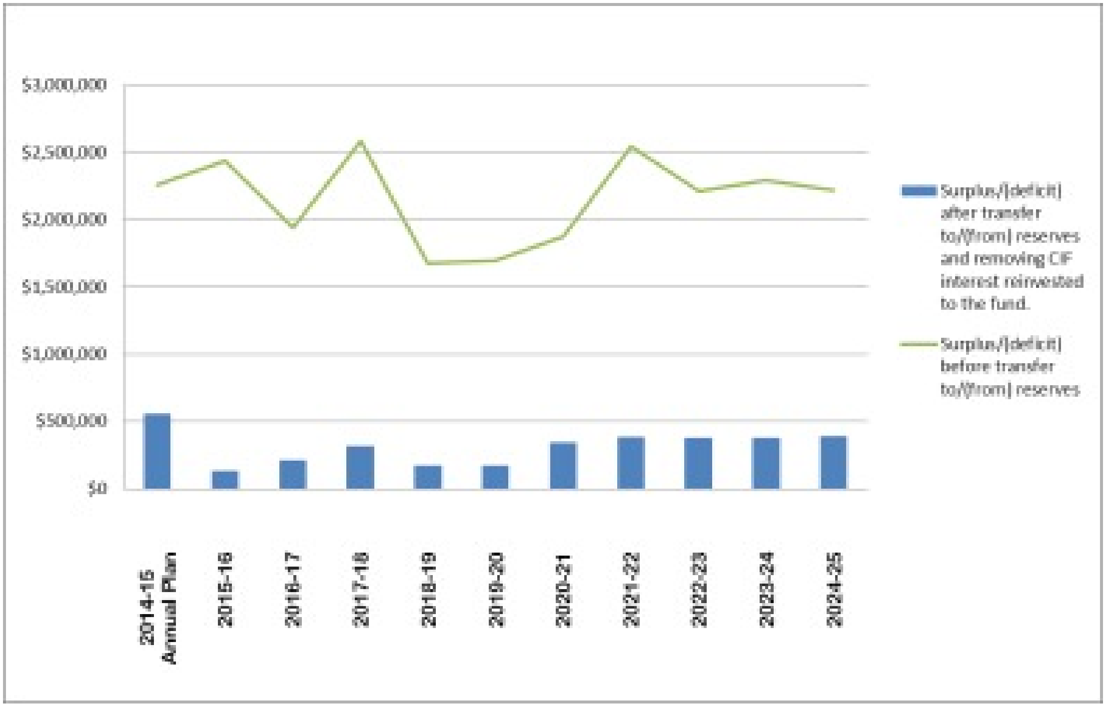
BALANCING THE BOOKS

We look to operate a 'balanced budget'. That means in each year, our operating expenditure, including depreciation, is covered by our funding services described below. We are continuing to run the business with a small surplus. Our funding sources, including rates (targeted region-wide rates (general rates) and targeted rates), user fees and charges, grants and subsidies, and investment income, continue to be sufficient to meet operating expenses.

Council funding sources 2015-2025.



Combined with some moderate changes to services (outlined later in this section) and achieving a greater return on our investments, we are forecasting a conservative cash surplus of around $100,000 for the first four years (after transfers to/from reserves and removing reinvestment of Community Investment Fund Interest. This is illustrated in the following graph.



Forecast operating surplus/deficit 2015-2025.

We are keeping our targeted region-wide rate increases within 2.34% and 3.28% for the nine-year period after 1 July 2016, with a 5% increase for the 2015/16 financial year.

Our liabilities are approximately 5% of total council assets and are largely short-term made up of trade creditor balances owing at a balance date. Over the term of this plan our balance sheet is expected to continue having a high weighting of assets to liabilities. The most significant change is expected to be the development infrastructure for further river management schemes.

WHAT WE'LL DELIVER

In general we largely retain the status quo. However, we are proposing some increases to our work programmes where we feel it is necessary. The costs of these increases are managed through:

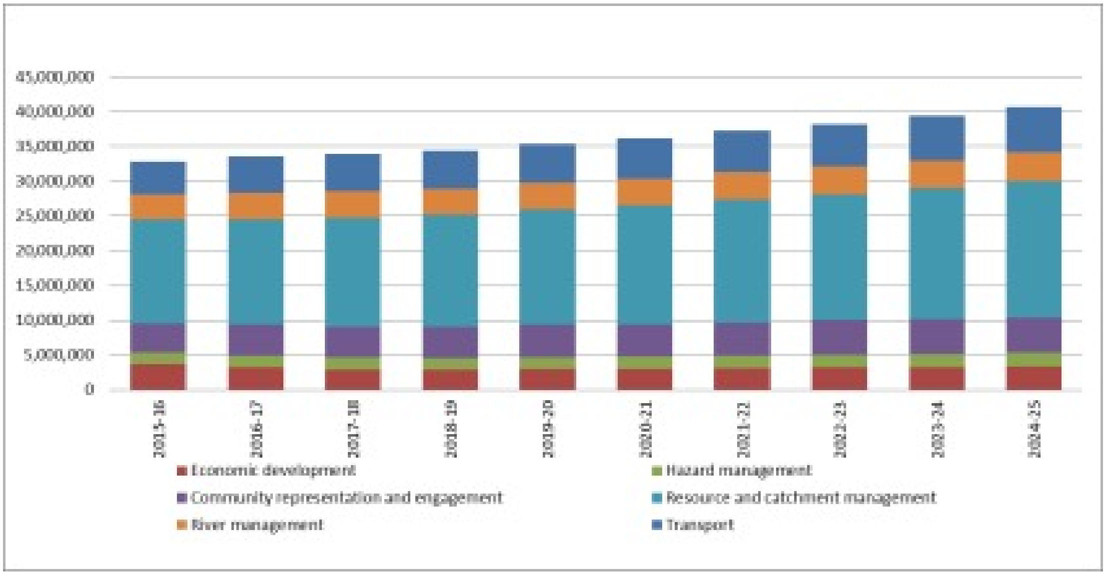
- Finding efficiencies and cost savings where possible;
- Increasing rates;
- Proposing to establish further targeted rates, such as the Whāngārei Heads pest management rate and the mid-North bus rate;
- Proposing to fund some initiatives from reserves (during the first three years of the Long Term Plan); and
- Increasing investment returns.

Where we're increasing our expenditure

We will invest in areas which better align with our priorities or in response to new central government requirements. We have:

- Allowed for the additional workload and costs associated with implementing new government policies, particularly the new National Policy Statement for Freshwater.
- Modestly increased our spending on biosecurity to better protect our significant forests and lakes.
- Increased our spending to provide improved and additional automated rainfall and river level recording.
- A new pest management rate in the Whāngārei Heads (at the community's request) and surrounding area to enable the positive pest management work, following the community pest control programme, to continue.
- Included new funding for more land management water quality initiatives in response to public demand, and increased the Environment Fund's capacity to continue to provide assistance – as expected by our communities – and anticipated under the Regional Policy Statement.
- Allowed for the adoption and implementation of new technology to improve the efficiency of our operations and enhance our engagement with our communities.
- Modestly increased our funding pool for community projects and initiatives.
- Provided more funding for further land elevation surveys so we can make informed decisions on our flood protection and control works.
- Planned more flood works, which will result in increases to targeted rates.
- Increased our former Rescue Helicopter Services Rate by approximately $300 thousand and change it to an Emergency Services Rate that is intended to fund lifesaving emergency services on a contestable basis.

Planned operational spending by activity 2015-2025.



Where we are reducing our spending

We found a number of cost savings and efficiencies across our activities since drafting our last long-term plan. We were able to achieve these savings without reducing our service levels.

We are continuing to target our economic development efforts to projects that will improve Northland's economy beyond its historic levels, however our proposal to curb the redirection of our investment income to these projects at the current level will mean less funds are directed to economic development activity than we previously planned. The current funding levels exceed demand (a surplus balance of $3.9 million at 30 June 2014 was available) so we are not expecting any decline in the level of service.

Managing our infrastructure assets: flood protection and control

All of our infrastructure assets are related to our river management activity. They include stopbanks, floodgates and other river scheme assets to protect areas from flooding. As noted above, we have planned for a number of new river schemes in Kaeo, Whāngārei, Kerikeri-Waipapa and Awanui. The following table shows the cost of the new capital works for these areas.

Assets also need to be maintained so that they keep on functioning as expected. Awanui is our only river scheme with asset components due for replacement.

Forecast spending on river assets showing new and replacement – 2015-2025.

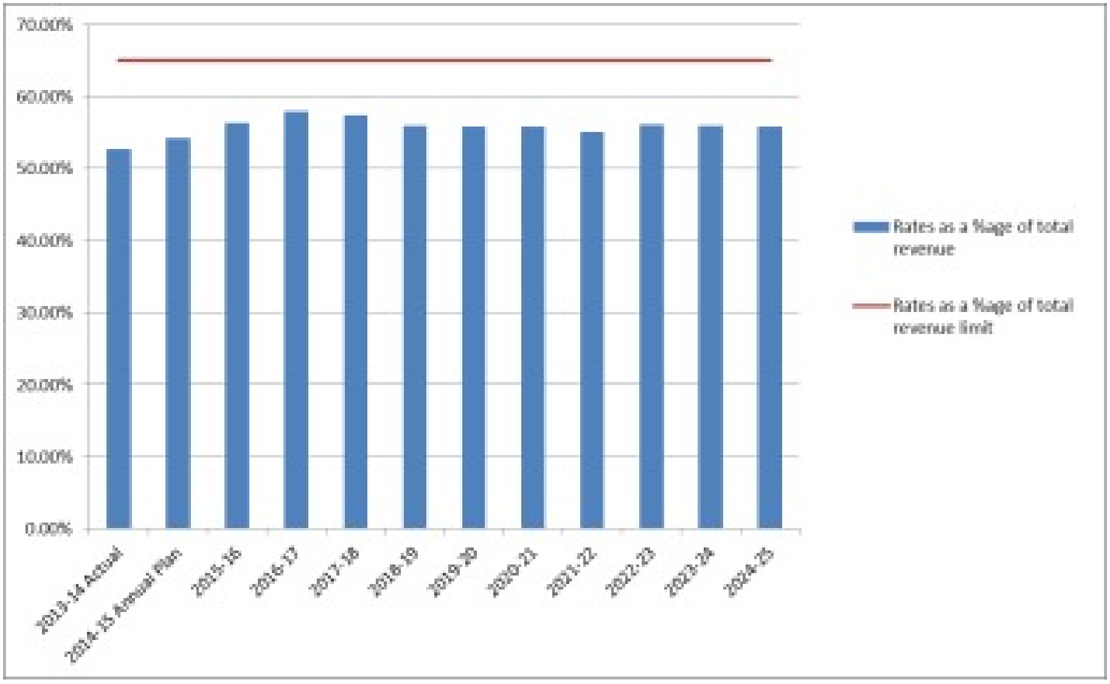
Scheme	New/ replacement	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
Kaeo	New										
	Replacement										
Kaihū	New										
	Replacement										
Awanui	New	$700,000									
	Replacement	$59,995	$61,995	$63,001	$63,001	$63,001	$68,316	$68,316	$68,316	$75,043	$75,043
Whāngārei urban rivers	New	$1,542,025									
	Replacement										
Kerikeri-Waipapa	New	$2,030,000									
	Replacement										
TOTAL		$4,332,020	$61,995	$63,001	$63,001	$63,001	$68,316	$68,316	$68,316	$75,043	$75,043

FUNDING OUR EXPENDITURE

Using rates

We have set a rates cap at 65% of total revenue. Most of the forecasted rates will fund the continuation of existing services and some service improvements (mainly in the flood protection services).

Council revenue sources 2015-2025.



Rates will fund between 54% and 57% of our activities with the remainder funded from investment and other revenue sources (including subsidies and fees and charges).

We use **targeted region-wide rates** (targeted land management and council services rates) to fund operational activities deemed to provide public good, where it is impossible or impractical to clearly identify customers or users, or to fully recover costs from users or exacerbators. These targeted region-wide rates are also used to fund those activities that council considers to provide a public benefit or public good. Over the next 10 years, targeted region-wide rates will increase between 2.34% and 3.28%. This represents an average annual increase of $5.28 per ratepayer over the next 10 years.

We also want to smooth any rate increases over the next 10 years, to help give ratepayers certainty about their rates bill. We'll do this by conservatively estimating expenditure that is subject to a high degree of variability on the understanding that the Equalisation Reserve can be used for distinctive and one-off costs if necessary. All the flood schemes that have both operational and capital works will be managed to spread the cost (and loan repayment if any) over a suitable time period that takes into account the period of benefit and affordability.

Our rates increases will not exceed 5% in any one year.

Our rate limits represent a balance between the need to address a range of issues facing the region over the next 10 years and continuing to manage our financial resources prudently by maintaining a strong and sustainable financial position and remaining mindful of the affordability of rates. By adjusting what we deliver, and continuing to use some of our investment earnings and reserves to help fund operating expenditure, we are forecast to keep rates within these limits. Council is confident it can continue to provide and maintain existing levels of service within these limits.

RATE LIMITS

Total rates will not exceed 65% of total revenue.

Total rates increases will not exceed 5% in any one year.

Where the council provides services to a specific area or group within the regional community, but there is no mechanism to directly charge those beneficiaries or exacerbators, or for transparency and accountability reasons, the council will use **targeted rates.** Targeted rates include:

- various river scheme rates
- recreational facilities rate
- regional infrastructure rate
- emergency services rate
- transport rates (Whāngārei and Kaitāia).

The river scheme rates are constant throughout the term of the plan, with the exception of the Kaeo-Whangaroa rate which reduces in 2021/22 to fund maintenance only.

The transport targeted rates are constant and projected to increase by inflation only (as per our inflation assumptions above).

The regional infrastructure and emergency services rates are not projected to increase by inflation.

The regional recreational facilities rate is significantly reduced (down to $34,169) in the 2019/20 financial year as the $13 million contribution towards the Events Centre becomes fully funded and the rate ceases thereafter. This reduction explains the reduced targeted rate revenue collected in those years.

Inflation

After the 2015/16 year, council's targeted region-wide rate increases are entirely aligned to the inflation forecasts (using the Local Government Cost Index as per our inflation assumptions above) over the term of this plan.

Using user fees

User fees are charged where a party directly benefits from the service provided by the council or causes the council to provide a service or incur expenditure, and when they can be identified and charged directly. The proportion of our activity funded by user fees and charges will stay relatively steady at 11.6% in 2015/2016 and then by the same amount as projected rate increases thereafter.

Investment assets

We are also intending to maximise the use of our assets to increase our return on investments and reduce the impact of rates.

Council will look for ongoing opportunities to increase its financial returns over all its investment assets.

During the 2014/15 financial year, council agreed to consider the sale of leasehold properties in and around Kioreroa Road/Union East Street and Bougainville Street (subject to council being satisfied that wide economic development benefits will result from the sale). Council intends to capture all property sales in its Property Reinvestment Fund, a reserve established to account for all property sales and acquisitions. Until such time as suitable property investments are identified, council will invest the monies held in this reserve in managed funds (in accordance with the Treasury Management and Investment Policy and a Statement of Investment Policies and Objectives that will be developed). Council may also use this reserve for internal borrowing purposes.

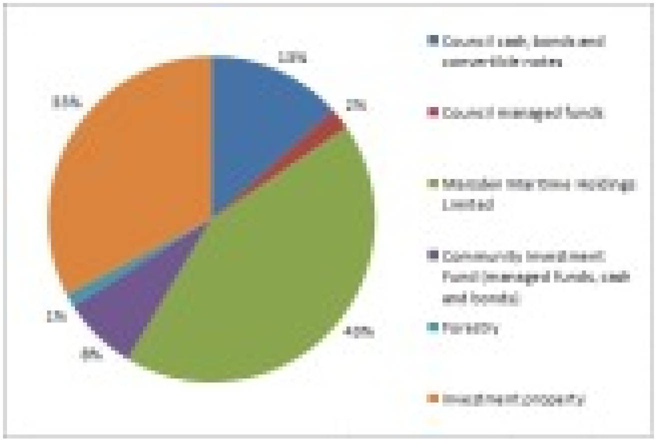
We will continue to evaluate our investment portfolio to ensure its investment mix is appropriately diversified and is achieving the best possible return while managing risk.

Using income from investments

One of our areas of focus over the next 10 years is to maximise returns to the regional community from funds invested and effective use of assets.

As at 31 March 2015, council held the following investment assets.

Investment assets (market value) 31 March 2015



Our Treasury Management Policy is informed by expert advice and contains the criteria by which our investment decisions are made.

Further details on the investment objectives are provided later in this strategy.

Maintaining the real value of our investment assets (allowing for inflation impact)

The capital value of the council's non-cash investments (investment property and shares held in Marsden Maritime Holdings Limited) are subject to market fluctuations, but generally over the long-term, we consider the value will appreciate at a rate similar to, or greater than, inflation and therefore the real value will be maintained. This is important as it ensures the comparative value is maintained for the benefit of today's and tomorrow's ratepayers.

We are not intending to take active steps to maintain the real value of our investments in stocks, bonds and convertible notes. This decision is made after taking into account the current market conditions and our desire to keep rates affordable and to continue to use investment income for economic development projects. Council will consider the matter at the end of each financial year and may, by council resolution, elect to capitalise investment income to maintain the real value of these assets.

Council intends to maintain the real value of our Community Investment Fund and the Property Reinvestment Fund.

Increasing the value of our Community Investment Fund

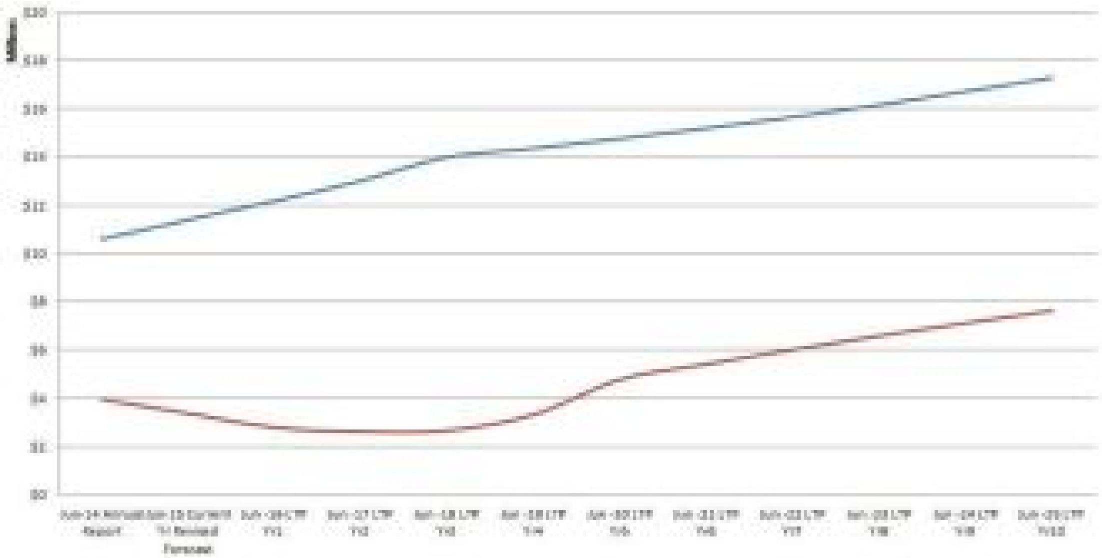
We are also planning to capitalise investment returns on the Community Investment Fund (formally called the Northland Regional Council Community Trust Fund) over the first three years of the Long Term Plan, so that the fund will reach a level sufficient to sustain the annual operational payment provided to Northland Inc.

The Community Investment Fund enables us to contribute funding to Northland Inc. for its economic development activities. Council's collective contribution to economic development activity towards the Investment and Growth Reserve and Northland Inc. is an annual contribution of $1.7 million (funded from council investment revenue) and investment income derived from the Community Investment Fund (forecasted fund balance of $11.4 million by 30 June 2015). In the 2014 financial year we decided to build up the capital of the fund and retain the entire amount of interest earned, rather than a level sufficient to maintain the real value. The shortfall after funding Northland Inc. and reinvesting in the fund is met from the council's Investment and Growth Reserve.

After three years, from 1 July 2019, we expect the fund will be about $14 million. Northland Inc. operations should be able to be fully funded from the community investment fund, meaning council's contribution of $1.7 million will be transferred to the investment and growth reserve and be available for eligible projects. Our ability to achieve this will depend on the economic market and level of investment revenue derived from the fund in any year. From 2019/20 onwards we will revert to maintaining the real value (inflation proofing) of the fund's balance at this higher level.

During the first three years of the plan (2015/16-2018/19) there will be less residual Community Investment Fund investment income available to fund Northland Inc. operations and council will need to increase the amount we draw from the Investment and Growth Reserve. The implication of this approach is that there will be reduced funds available in the reserve for new economic development initiatives for those three years. We do not consider that this will have a significant impact on our economic development service levels. Nor will there be any financial impact on rates. From 2019/20 onwards the reserve will continue to build providing a greater level of funding for eligible economic development initiatives.

Community Investment Fund and Investment Growth Reserve balances.



*Assumes no initiatives are funded from the Investment and Growth Reserve.

Redirecting investment income to the Investment and Growth Reserve and subsidise rates

As noted above, we will flat-line the amount of investment income being used to fund economic development initiatives from 2015/16 onwards, to $1.7 million per year.

We forecast that a total of $17 million will be redirected to the investment and growth reserve by the end of the 2024/25 financial year (assuming there are no withdrawals for economic projects). The balance of the reserve after 10 years is forecast to be $18.1 million. (2) The average rates subsidy forgone each year from redirecting investment income is approximately $19 per rating unit/separately used inhabited part.

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2 *This assumes that no investments are funded during this time. Council is of the view that appropriate investments will be identified and funded. This figure shows the level of funding available.*

We will maintain our ability to transfer money back from the Community Investment Fund to the Investment and Growth Reserve if we identify a worthy economic development project.

Using borrowing

Council does not currently borrow from external sources, but is exploring this option. To date council has been able to borrow from itself, by borrowing from its own reserves.

Internal borrowing can be beneficial as it means council does not have to raise potentially expensive third party loans to fund its capital expenditure and at the same time seek secure and diverse investments for its available funds. We have used internal borrowing to fund:

- Northland Events Centre;
- acquisition of properties along the proposed rail corridor; and
- capital expenditure on river management schemes.

Repayments (both capital and interest) are made from the appropriate targeted rate and interest is charged to reflect the last opportunity cost of undertaking the internal borrowing.

On some occasions, it may be financially advantageous to borrow externally even when we have available reserves. This will particularly be the case if council investments earn a higher rate of return than the cost to borrow externally. Where it is financially prudent to do so, we may elect borrow externally.

In determining the internal borrowing rate council takes into account the long term returns that Council earns on its reserves/investments. The actual rate is subject to change and is reviewed by council annually.

Where council borrows externally and is able to achieve a lower cost of borrowing, the benefit of the lower interest rates will be returned to the ratepayers in the targeted rate area through either a lower annual rate or a shorter targeted rate time frame.

Internal borrowing rates

For the purposes of budgeting, the cost of funds applied to internal borrowing for all loans over $50,000 is as follows:

- Prior to 1 July 2009 the rate is set at 7%.
- Loans established between 1 July 2012 and 30 June 2015 have been refinanced to 7% from 1 July 2015.

If there are marked changes to the cost of borrowing or the return available on safe investments, we may (by special resolution) set an internal borrowing rate that reflects the actual market conditions at the time the internal loan is established.

Interest is applied to funds borrowed and is paid when a reserve is in surplus by $50,000 or more. The interest rate paid on reserves in surplus is set at 5%.

Loans for infrastructure assets

The capital infrastructure of our river management schemes is expected to have a useful life of up to 150 years. We have the following loans in place for capital works at 30 June 2014:

- Whāngārei urban river management scheme;
- Kaeo - Whangaroa rivers management scheme; and
- Awanui River management scheme.

A loan will be established for Kerikeri - Waipapa in 2015/2016.

The maximum loan period is 25 years. The actual loan period is determined after considering the extent of the capital works, the period of benefit and affordability.

Borrowing is intended to achieve a degree of inter-generational equity. It allows ratepayers to fund the new infrastructure over an extended period of time, in part reflecting the life-time of the asset and the benefits from it.

To ensure today's ratepayers are not funding both the new infrastructure and the future replacement of the same infrastructure, the funding resulting from the depreciation charge will be applied to loan repayments where renewal expenditure is not required to maintain the asset. After the loan has been repaid, depreciation will be applied to fund renewals.

We will determine if the loans for capital works are to be internal or external when we borrow the funds. Any significant change in the cost of funds over the term of the loan may result in the repayment period being extended or reduced and the targeted rate being increased or decreased to service the loan.

BORROWING LIMITS

Debt

Net debt will not exceed 175% of total revenue.

Interest

Net interest will not exceed 10% of total revenue.(3)

Liquidity

Liquidity will not exceed 110%.

Total revenue is cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions.

Net debt is total debt - liquid financial assets and investments.

Liquidity is external debt plus committed loan facilities plus liquid investments divided by external debt.

POLICY ON SECURITIES

In order to borrow money we have to offer our lenders some securities, just like residents do with their mortgage. Like most councils we would secure our debt against our rates incomes.

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

Where appropriate we may seek project financing which may have a charge over the project or specific assets rather than rates. Physical assets will only be charged where:

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

The use of special funds and reserve funds (and internal borrowing of special funds/reserve funds and other funds) will be on an unsecured basis.

INVESTMENTS

We maintain a diverse range of investments, which may include the following assets:

- Direct equity investments in council-controlled organisation/council-controlled trading organisations and other shareholdings;
- Property investments including land, buildings, ground leases, farms and forests and land held for development;
- Externally managed funds (Community Investment Fund and Property Re-investment Fund);
- In-house managed financial investments with the assistance of advisory services, incorporating the management of working capital and longer-term fixed income investments.

We aim to manage our assets prudently. Our general objectives are:

- Maximise returns to the community from funds invested and effective use of assets;
- Manage investments to maximise returns in the long-term while balancing the risk and return considerations;
- Safeguard our assets/capital;
- Have a diverse portfolio (to manage the risk);
- Give consideration to the potential wider economic benefits/economic wellbeing from investments in projects, activities or commercial property;
- Maintain the council's investment in the Marsden Maritime Holdings Ltd. as a strategic asset;
- Minimise the council's costs and risks in the management of its borrowings;
- Minimise the council's exposure to adverse interest rate movements;
- Borrow funds and transact risk management instruments within an environment of control and compliance under the council approved Treasury Risk Management Policy so as to protect the council's financial assets and costs; and
- To comply with the financial ratios and limits stated within the Treasury Management Policy.
- Manage exposure to credit risk by dealing with and investing in credit-worthy counter-parties;
- Ensure that all statutory requirements of a financial nature are adhered to.

Our investment-specific objectives and targeted returns are outlined below.

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3 Section 21(1) of the Local Government (Financial Reporting and Prudence) Regulations 2014 states that a local authority meets the debt servicing benchmark for a year if its borrowing costs for the year equal or are less than 10% of its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) for the year.

Investment	Objective for holding investment	Targeted return
Investment property (freehold and leasehold)	• To provide an income stream to be available for projects that contribute towards economic wellbeing for Northland. • Subject to the powers and provisions conferred under the Local Government Act 2002, Public Bodies Leases Act 1969 and the Property Act 2007 to achieve the best commercial return possible on all investment properties. • To meet statutory obligations in relation to endowment properties. • To hold assets on behalf of the regional community for strategic protection/development of the region.	>6.5%
Marsden Maritime Holdings Limited - 53.61% shareholding	• To provide an income stream to be available for projects that contribute towards economic wellbeing for Northland. • To hold an investment asset on behalf of and for the benefit of Northland. • The Local Government Act 2002 classifies a local authority's shareholding in a port company as a strategic asset.	Dividend >prior year dividend (2013/204: $2.325 million)
Investments in bonds and convertible notes	• To provide an income stream to be available for projects that contributes towards economic wellbeing for Northland. • Protection of council's investment, council's investment capital and maximising returns.	6.1%
Forestry holding	• To provide an income stream to be available for projects that contribute towards economic wellbeing for Northland. • Development, maintenance and protection of council's timber plantations in order to maximise long-term revenue while meeting council's environmental responsibilities.	7% pa internal rate of return to 2041
Community Investment Fund	• To inflation-proof and to protect the capital. • To transfer the residual income to the Investment and Growth Reserve for economic development purposes.	>6.9%
Property Re-Investment Fund	• To hold the sale proceeds of any investment property sales and to fund acquisitions. • To earn a return commensurate with the rental yield and long term capital growth earned on assets. • To maintain the real value of the Property Re-investment Fund.	>6.9%
Infrastructure Investment Fund	• To ensure that the Fund is invested prudently with particular emphasis on capital preservation and liquidity. • To ensure that the Fund is diversified in its investments. • To maintain the real value of the Fund. • To ensure that capital is available as required, to fund approved infrastructure investments. • To produce investment income to subsidise council operations. • Overall return requiremnt is the officla cash rate plus 3% after fees over rolling three year period (cash rate at May 2015 is 3.5%).	>6.5%

Infrastructure strategy

PURPOSE OF THIS STRATEGY

River flooding provides the highest natural hazard risk to the Northland region because of the extensive development on floodplains and the region's exposure to high intensity rainfall events. Flooding threatens human life, disrupts communications and access, damages property and infrastructure including the productivity of farmland.

Northland Regional Council is the regional authority that is principally responsible for undertaking flood protection and control works in the Northland region. We deliver flood protection and control works to reduce the risks associated with river flooding and erosion to protect human life and maximise the region's productivity.

This strategy presents a 30-year plan for how we intend to manage flood protection and control works assets. It outlines:

- The significant flood protection and control infrastructure issues we expect to face over the next 30 years;
- What we propose to do about these issues; and
- What we expect that to cost.

It will help us make informed decisions in the short-term that will position us to deal with the major decisions and investments that will occur in the next 10 to 30 years.

NORTHLAND CONTEXT

Geography

Northland is a long, narrow peninsula with a subtropical climate. It has a land area of 13,286km^2. Of this land area, 526km^2 is classified as being comprised of alluvial and estuarine plains and low terraces, much of which is prone to flooding. Over 50 percent of the land is in pasture and 10 percent in forests.

Economy and people

Northland has a diverse economy with manufacturing as our largest industry followed by agriculture, forestry and fishing, then business and property services. Northland's economy accounts for 2.6% of New Zealand's Gross Domestic Product (GDP). Real GDP in the region increased by 1.6% per annum on average over the past 10 years.(4)

The region is New Zealand's most rural, with around 50% of the population in urban areas. Northland's median household income is $46,900. This is $18,000 below the national median. Median incomes in the Far North and Kaipara districts are the lowest of all New Zealand's territorial authorities.

Northland's regional population is 151,692.(5) The region has three local authority districts (see following image), with the following population (based on 2013 Census):

- Far North district: 55,731 (less than 1% decrease since 2006 Census)
- Kaipara district: 18,960 (4.6% increase since 2006 Census)
- Whāngārei district: 76,995 (3.4% increase since 2006 Census).

Whangārei is the largest city, comprising around a third of the region's population in its urban area. The Whangārei district (city-region) includes half of Northland's population.

Northland region and district boundaries.

Flooding in Northland

Mean annual rainfall ranges from 1000-1300mm in low-lying coastal areas, to more than 2500mm on some of the higher country. High intensity rainfall, coupled with Northland's

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4 *Tai Tokerau Northland Growth Study: Opportunities Report February 2015.*

5 *2013 Census.*

numerous short rivers and development of extensive areas of fringing low-lying land, means there are significant flooding issues for the region.

Flooding affects many of Northland's main urban centres, including Kaitāia, Kerikeri-Waipapa and Whāngārei, as well as many of the smaller townships and rural areas that are located on low-lying land next to rivers.

The history of flooding in Northland is well documented. Some of the notable flood events of more recent times include:

- 1956 – May: flooding of Whāngārei central business district.
- 1958 – February: flooding of Kaitāia.
- 1981 – March: flooding of Kerikeri-Waipapa.
- 1999 – January: Hokianga floods.
- 2007 – March and July: widespread flooding affecting large areas of Northland.
- 2011 – January: ex-Tropical Cyclone Wilma; widespread flooding affecting large areas of Northland.

Flood management

The council's role in flood protection and control works is to identify flood risks facing our region, develop plans to reduce the risk, and where appropriate, undertake works to minimise the risks of flooding. Works can include channel and floodplain maintenance (such as removing accumulated sediment), constructing new works such as stopbanks to control flooding, and maintaining those assets.

When looking ahead, we expect that flood protection will be a major activity for us.

In 2008 we identified 26 river catchments (see following image) where we considered the risks from river flooding were highest to communities and essential infrastructure throughout Northland.(6) The rivers and streams in these priority catchments pose potential threats to lives, buildings, road access, infrastructure and agriculture.

Location of the priority rivers.

River management plans have been developed for these 26 catchments which assessed the potential flood risks and identified potential mitigation options in order to reduce the impacts of flooding. During 2014 we reviewed these catchments, and have identified the need to undertake further river management planning for the Waipū and Paparoa catchments. This work will involve development of river models, risk assessment and consideration of what, if any, flood protection works may be justified.

We have worked with affected communities to better understand the river systems involved, including how flooding affects them physically and also their impacts on local communities. The resulting plans identified a number of river management works ranging from maintenance work, such as the removal of accumulated sediment, to constructing new flood scheme control works, such as stopbanks.

A range of factors influence how we are able to manage the effects of flooding and the management options that are implemented. In many cases the river management plans show that it is simply not physically possible, nor affordable, to protect communities from flooding with works like stopbanks in Northland. In these cases we work with communities to identify risks, develop community response plans, issue flood warnings and carry out minor river works to reduce flood risks.

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6 *The Priority Rivers Flood Risk Reduction Project.*

Our focus has now moved towards implementation of river management plans, including the further investigation, refinement, design and implementation of actions to reduce flood risk.

In addition to identifying the infrastructure required to address the above needs, we are also taking into account the effect of climate change in future. Climate change is likely to result in even more extreme rainfall and drought events. Projected increases in rainfall intensity and sea level rise will affect the capacity of our flood protection infrastructure to cope. Damage to scheme assets is also likely to increase from increased flooding events. Ensuring our infrastructure assets are resilient in the face of future natural hazards is important in continuing to protect our communities in flood-prone areas. This has the potential to increase financial costs in terms of potential increases in design standards and flood damage repair expenditure.

We have undertaken flood hazard mapping of scheme areas with an allowance for climate change, factoring in sea level rise and rainfall predictions for all of our schemes. This provides us with a good understanding of the most likely scenario for river flooding in future.

Existing flood protection infrastructure

At the current time, we have flood control infrastructure in place to reduce flood risk in two scheme areas:

- Awanui River scheme (asset value of $10.5M)
- Kaeo-Whangaroa River scheme (asset value of $786,076).

The Kotuku detention dam, part of the Whāngārei urban rivers scheme, is currently under construction.

The following table provides a high-level summary of the flood protection and control works' assets that the council currently owns and manages.

Summary of regional council flood protection and control works.

	Awanui scheme	Kaeo scheme
Total value of assets	$10.5M	$786,000
Condition of assets	Varies, but generally in average condition with some in poor condition.	Excellent
Types of assets	89km of stopbanks and 141 floodgates.	0.9km of stopbanks, 160m of floodwall and 4 floodgates.
Quality of asset information	Excellent to good, further work required on coastal stopbank condition assessment.	Excellent
Age of assets	Floodgates: average age 32 years. Stopbanks: varies, majority constructed prior to 1970.	All assets newly constructed in 2013/14.
Condition	Floodgates: Average. Stopbanks: Good to average.	Excellent
Performance information	Scheme has performed well, as demonstrated during the 2007 flood.	Scheme has performed in accordance with design, as demonstrated during 2014 floods.
Historic average annual expenditure on maintenance works	$364,503 (period 2005/06 to 2013/14).	$73,441 (period 2007/08 to 2013/14).

Asset design standards

The key levels of service for each scheme are contained within the scheme Asset Management Plans.

The Awanui scheme current design provides an approximately 100-year level of protection for urban Kaitāia for the Awanui Rivers, 30-year level of protection for urban Kaitāia for the Tarawhataroa Stream and 20-year level of protection for rural areas of the scheme downstream of urban Kaitāia.

The Kaeo scheme is designed to prevent high velocity floodwaters from the Kaeo River flowing through the township by the use of a series of deflection stopbanks that prevent Kaeo River floodwater flowing directly through town. The deflection banks are constructed with a crest level that is based on the 100-year flood with an allowance for climate change and freeboard. The township is still at risk from flooding from Waikara Creek and Kaeo River backwater flooding.

The Kotuku detention dam is designed to detain water for up to the 100-year flood with an allowance for climate change and freeboard. The dam slowly releases detained flood waters over several days and reduces the peak flood levels in the Whāngārei central business district.

SIGNIFICANT INFRASTRUCTURE ISSUES, OPTIONS AND IMPLICATIONS

The most significant infrastructure issues facing our flood protection and control works infrastructure are affordability and uncertainty associated with flood risk.

Affordability relates to the ability to be able to continue to invest in the maintenance, renewal and upgrade of infrastructure, and depends on the condition of the assets, what increases in service level are required and the ability of ratepayers to fund the works. We will continue to strive to ensure that the flood protection and control works are affordable by providing options that can be sustained on both a financial and an operational basis. This may mean that the levels of service may be maintained at the current level and it may not always be possible to provide complete protection from flooding given funding constraints.

While we have modelled flood risk and gained an understanding of the risk profile, a degree of uncertainty remains as it is not possible for us to model all potential storm profiles and flood conditions. We will need to continue to monitor storm events and improve our understanding of flood risk to ensure we can communicate to the community the degree of flood risk and provide options for managing this. This may mean that there is a need in the future to potentially increase (or decrease) the level of service associated with flood protection and control works.

HOW WE INTEND TO MANAGE OUR INFRASTRUCTURE ASSETS

Renewing or replacement existing assets

Specific details on how we renew or replace our existing assets are found in the Asset Management Plans that exist for each of the river schemes.

The Awanui River Scheme Asset Management Plan contains the details on the life-cycle maintenance of the scheme assets: $32,819 has been budgeted per annum for stopbank renewals, based on the calculated rate of depreciation of the stopbanks through loss of freeboard due to settlement. However, comparative stopbank crest level survey data is lacking to provide a detailed assessment of the rate of freeboard loss, and further work is required in this area to better understand this.

Renewal of floodgate assets is scheduled to be undertaken prior to failure of the asset, which is identified through the annual condition monitoring process. Renewal prior to failure (beyond anticipated design life) is considered to be the most cost effective and efficient approach when viewed in association with the asset management plan risk framework. An assessment has been undertaken of the replacement cost associated with the renewals of those components of the floodgate assets that have a condition grading of poor or very poor. Based on the renewals budget for floodgates of $19,976 per annum, it is anticipated that it will take a life-cycle of 15 years to renew all of those components that are graded in poor or very poor condition. In terms of the whole floodgate asset, this level of renewal expenditure would see a life-cycle of full replacement for all floodgate assets of 90 years. This level of renewal expenditure is considered sufficient to maintain the floodgate assets, based on the typical life of the pipe asset being 90 years and the scale of annual maintenance expenditure undertaken to maintain the assets.

The Kaeo Stage 1 works were constructed in 2013/14. It is not possible to forecast with any accuracy the degree of settlement that will occur with the stopbanks, and therefore no provision has been made within the 30-year time-frame of this strategy, for topping up of the stopbanks. It is assumed that no renewals expenditure will be required for the constructed assets over the 30-year time-frame, as these are newly constructed assets and their design life (before renewal is required) is expected to exceed the 30-year time-frame of this plan. Sufficient provision has been made for the operational maintenance of the assets.

The Kerikeri spillway scheme assets (constructed spillway and minor sections of stopbank) will be maintained in-perpetuity through operational expenditure, and no renewal or replacement of assets is planned.

The Kotuku dam assets are not anticipated to require significant renewal or replacement expenditure in the first 30 years of operation (having been constructed in 2014/15). When further information is obtained adjustments will be made to forecast renewal expenditure. This information will be obtained through annual condition monitoring of the dam assets.

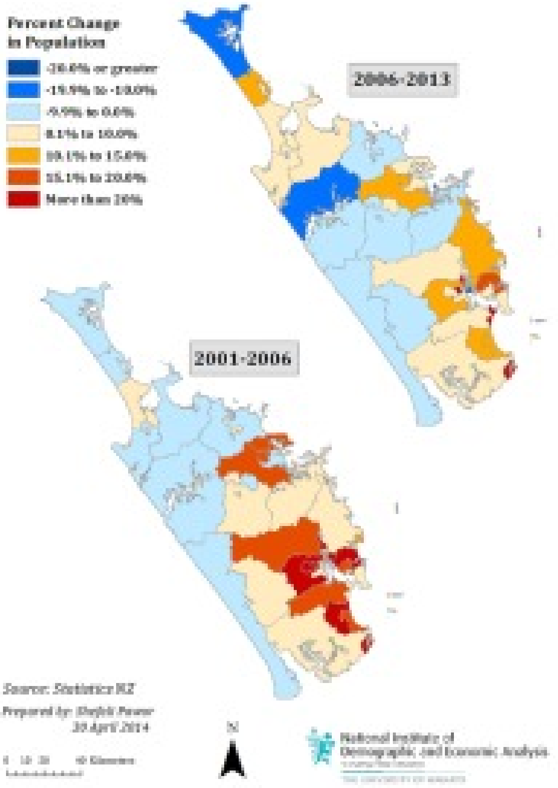
Responding to growth or decline in the demand for services reliant on assets

The 2013 Census showed that 151,692 people usually live in the Northland region. This is an increase of 3222 people, or 2.2%, since the 2006 Census.(7)

Figure 3 shows that the main areas of population growth have focused around parts of the Whāngārei district and Kerikeri/Bay of Islands. Population growth in Northland was less than half the national rate between 2006 and 2013 and lower than many regions. The populations in Kaipara and Whāngārei increased over the period but the Far North experienced a decline in population. Medium projections suggest the region is expected to achieve only moderate population growth over the next 20 years (around 0.5% per annum) relative to New Zealand as a whole (0.9%).(8)

Significant population growth and development would be required to make a difference to the funding basis of river schemes, and this is not anticipated to occur to the degree required to make a significant impact on the demand for services.

Northland population change.



(Population image source: Jackson, N. O. (2014) "Northland Region and its Territorial Authorities: Demographic Profile 1986-2031", New Zealand Regional Demographic Profiles 1986-203. No. 13, University of Waikato, National Institute of Demographic and Economic Analysis.)

Allowing for planned increases or decreases in levels of service provided through assets

Adequate provision has been made for the projected impacts of climate change in scheme designs based on Ministry for the Environment climate change projections, and adequate operational expenditure is provided to maintain scheme assets.

Climate change predictions indicate an increased risk of flooding over time as temperatures increase and sea levels rise, meaning the existing design standard of the schemes is likely to be reduced over time and damage to scheme assets are likely to increase from increased flooding events. This has the potential to increase financial costs in terms of potential increases in design standards and flood damage repair expenditure. To address this we have designed our new infrastructure and upgrades with an allowance for the future effects of climate change, this includes both increased rainfall intensity and sea level rise.

It is assumed that the communities that benefit from, and therefore fund, the capital works will support these initiatives and increased levels of service that they provide and that the significant capital works are affordable to the community. Should this not be the case, then the level of service will be reduced, particularly with regard to predicted effects of climate change, and flood risk will increase.

Maintain or improve public health and environmental outcomes or mitigate adverse effects on them

By maintaining and building flood control assets we improve public health and safety by reducing the risk of flooding to people and property. We maintain a region-wide rainfall and river hydrometric network. This allows us to provide real time updates on flood risk to the community and the information is also available on line. We have also modelled flooding and produced flood maps that are available online, and we have prepared a revised Regional Policy Statement that will improve the management of development and land use in flood-prone areas and reduce risk.

We are aiming to manage environmental effects of our works by ensuring that new works comply with conditions of resource consents and that actions are taken to address potential or known adverse environmental effects. This includes aiming to improve the drainage of the Lake Tangonge storage area on the Awanui scheme to reduce the duration of discharge of stagnant flood water. For the Kotuku dam we intend to monitor eel migration through

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7 *Statistics New Zealand, 2013 Census QuickStats.*

8 *Tai Tokerau Northland Growth Study: Opportunities Report, February 2015.*

the dam, and will implement a trap and transfer system to ensure successful eel migration should the dam prove to hinder this.

Provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks

We have undertaken river flood modelling that incorporates the effects of climate change to better understand and manage the risk of rising sea levels and increased rainfall on existing and future infrastructure. We have used this information to ensure that new infrastructure is designed and constructed to take into account the future effects of climate change, and that replacement of existing infrastructure (for example, Kaitāia urban stopbanks) take into account the impacts of climate change. Sufficient provision is made within the operational and capital budgets to manage these risks based on our current level of understanding.

We also ensure that all of our scheme assets carry full insurance replacement cover, including cover for the risk of natural hazards.

Operational expenditure is budgeted at a level sufficient to undertake maintenance to scheme assets from minor storm damage, that is, damage that is not sufficient to lodge an insurance claim for.

KEY ASSUMPTIONS

In developing our infrastructure strategy we have identified a number of key assumptions that we have made in determining our future planning and expenditure estimates. These are summarised in the following table.

Key assumptions.

Area	Assumption	Level of uncertainty (low to high)	Nature of that uncertainty	Potential effects of that uncertainty
Life-cycle of significant infrastructure assets	Significant renewal expenditure for newly constructed assets will not be required over the first 30 years of asset life. Accuracy of asset data underlying the financial projections is sufficiently robust.	Medium Medium to low	Stopbank settlement rates and failure of ancillary components. Stopbank settlement rates.	Increased renewal expenditure. Increased renewal expenditure.
Growth or decline in the demand for relevant services	Population growth/decline and land-use development is not expected to be a significant driver based on population growth projections and land use planning to reduce risky development.	Low	Accuracy of growth projections and effectiveness of land use planning.	Significant additional growth and development in flood-prone areas will drive additional demand.
Increases or decreases in relevant levels of service	Adequate provision has been made for the projected impacts of climate change in scheme designs based on MfE climate change projections. Adequate operational expenditure is provided to maintain scheme service levels. The proposed options are affordable to the community.	Low Low Medium	Accuracy of climate change predictions. Estimation of extent of maintenance works required. Some of the higher cost options may not be considered affordable by the community.	Effect is low, as scheme adaptation can take place over decades. Reduce level of service or increase expenditure to maintain level of service. Review and change potential funding mechanisms, or maintain or reduce level of service.

THE MOST LIKELY SCENARIO FOR THE MANAGEMENT OF INFRASTRUCTURE ASSETS

Our indicative estimates of the projected expenditure for river scheme assets are provided in Figure 4. It shows:

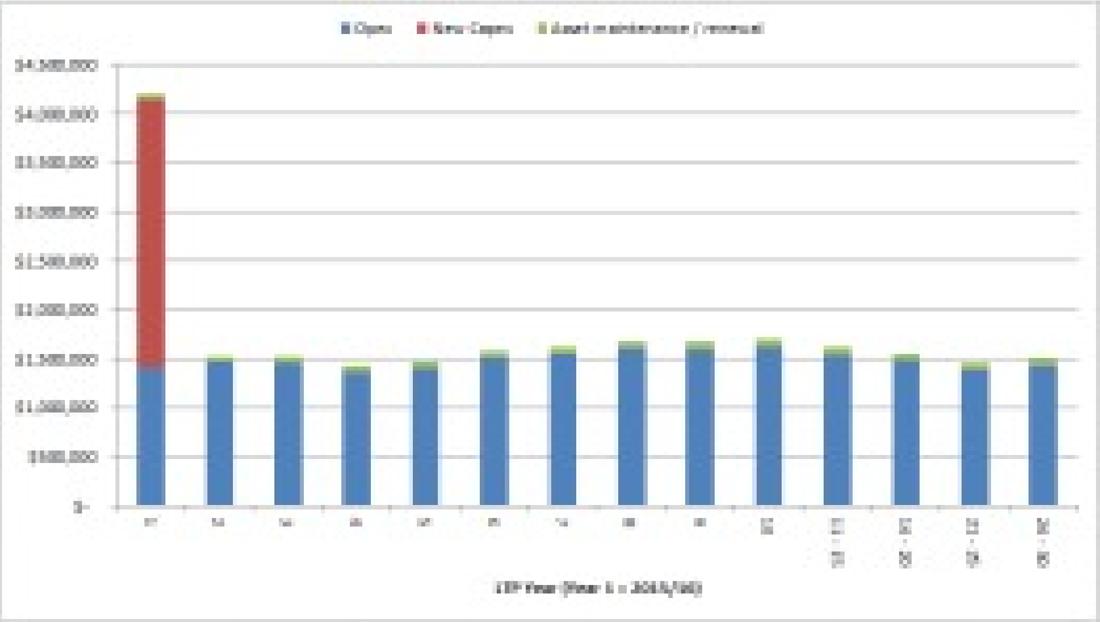
- Each of the first 10 years covered by the strategy; and
- Each subsequent period of five years covered by the strategy.

New capital expenditure (capex) includes investment in new infrastructure for the Kerikeri, Kaeo, Whāngārei and Awanui River schemes. Asset maintenance and renewal expenditure is a relatively small cost that is used to ensure existing flood control assets are replaced as they reach the end of their design life. Operational expenditure (opex) is the costs associated with the running of the river management schemes, including things like insurance, interest repayment and general maintenance.

The following graph shows projected capital and operating expenditure for river scheme assets (note that years 11 to 30 are annualised projected expenditure for each corresponding five-year period). Along with operational expenditure and asset maintenance/renewals expenditure for each scheme, this graph includes the following new capital expenditure assumptions:

- Awanui - $0.7M of capex (debt funded over 10 years);
- Kerikeri - $2.13M of capex (debt funded over 10 years).

River scheme assets expenditure.



A summary of total and annualised expenditure is provided in the following table.

The financial forecasts of this strategy have been adjusted for inflation based on Business and Economic Research Limited (BERL) projections.

Estimated projected capital and operating expenditure summary

Expenditure category all schemes	Total over 30 years	Annualised
Operational	$44,145,228	$1,471,508
New capital	$2,730,048	$91,002
Asset maintenance/ renewal	$2,164,887	$72,163

The river scheme works are funded from targeted rates collected over the properties that are within the defined catchment area of each scheme. Funding for large capital works projects is borrowed from council and repaid over a set period from the revenue received from targeted rates.

Significant decisions about capital expenditure, including principal options, timing and costs

Under this scenario we expect to have to make some significant decisions about capital expenditure over the next 30 years – most of these within the next decade.

These decisions primarily concern increases to service levels across a number of areas, but also address significant maintenance issues. These are outlined for each scheme in the following table, along with the following details:

- An indication of when we expect those decisions will need to be made;
- The principal options we expect to have to consider for each decision; and
- The approximate extent of the costs associated with each decision.

Significant decisions about capital expenditure

River scheme	Significant decision (based on most likely scenario)	When decision required	Principal options Northland Regional Council expects to have to consider	Approximate scale or extent of the costs associated with each decision.(9) (10)
Awanui River scheme	$7.4M of expenditure to upgrade urban Kaitāia scheme stopbanks. This does not include $10M of bank stability works, which council has not yet resolved to consult over.	Undetermined.	Maintaining the existing level of service would be a more cost effective option, although this option would present a higher flood risk, particularly in the urban Tarawhataroa. In addition, capital expenditure through renewal maintenance of existing assets would need to be increased beyond that currently provisioned for, as an assumption has been made that the amount of renewal expenditure required to maintain the urban assets will be offset as the upgrade will ensure that these are rebuilt to a new condition.	$7,445,571 for scheme upgrade works (increased level of service) and $845,643 operational.
Kaeo-Whangaroa River scheme	Improving the level of service of flood control for Kaeo based on proceeding with the Stage 2 Kaeo flood control works, which are estimated to cost $1.5M.	Undetermined, but would be sensible to consult following a major flood event and following further discussion with the Kaeo-Whangaroa River Liaison Committee.	The additional effectiveness to be gained by the Stage 2 works would need particular consideration given the higher additional capital costs.	$1,500,000 capital for Stage 2 works (increased level of service), and $194,066 operational.
Kerikeri-Waipapa River scheme	Other works, such as a dam, would be required in conjunction with the spillway to reduce flood risk at the Waipapa industrial estate.	Undetermined.	A dam located on the Kerikeri River upstream of the Waipapa industrial estate, which would reduce flood risk to the estate, is currently being investigated. A concept design and costing report places the rough order capital cost of the dam at $13.8M exclusive of land purchase cost, legal fees and resource and building consent, and associated compliance costs.	$13.8M exclusive of land purchase cost, legal fees and resource and building consent, and associated compliance costs. Operational costs yet to be determined.

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9 Operational costs are shown as annualised costs over 30 years.

10 The financial forecasts of this strategy have been adjusted for inflation based on BERL projections.

Prospective funding impact statement

The prospective funding impact statement is stated excluding GST. The total estimated gross expenditure for the Northland Regional Council for 2015/16 is $30,873,827. Total expenditure will be funded from the sources listed. These funding/financing sources are consistent with the revenue and financing policy within the Long Term Plan 2015/25.

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Sources of operational funding						
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	17,967,094	20,009,632	20,694,756	21,099,785	20,334,880	20,838,074
Grants and subsidies for operating purposes	1,081,008	1,192,704	1,264,606	1,296,848	1,289,812	1,302,160
Fees and charges	4,369,055	4,014,840	4,049,544	4,145,664	4,250,388	4,363,799
Interest and dividends from investments	5,439,020	5,226,194	5,606,121	6,187,262	6,531,349	6,863,777
Local authorities fuel tax, fines, infringement fees and other receipts	3,310,721	3,542,384	3,177,292	3,189,606	3,237,807	3,252,858
TOTAL SOURCES OF OPERATING FUNDING	32,166,898	33,985,755	34,792,319	35,919,165	35,644,236	36,620,667
Applications of operating funding						
Payments to staff and suppliers	28,744,651	30,763,827	31,351,897	31,820,556	32,541,657	33,621,716
Finance costs	110,866	110,000	110,000	110,000	110,000	110,000
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	28,855,517	30,873,827	31,461,897	31,930,556	32,651,657	33,731,716
SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,311,381	3,111,928	3,330,422	3,988,608	2,992,579	2,888,952
Sources of capital funding						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceed from sale of assets	-	619,566	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	619,566	-	-	-	-
Applications of capital funding						
Capital expenditure:						
To meet additional demands	-	-	-	-	-	-
To improve levels of service	5,930,977	5,089,773	278,035	86,905	59,501	33,380
To replace existing assets	963,494	1,046,775	1,082,564	796,163	815,959	865,235
Increase/(decrease) in reserves	(3,873,871)	(2,804,504)	832,042	1,228,895	1,071,957	1,837,461
Increase/(decrease) in investments	290,781	399,450	1,137,781	1,876,645	1,045,162	152,876
TOTAL APPLICATIONS OF CAPITAL FUNDING	3,311,381	3,731,494	3,330,422	3,988,608	2,992,579	2,888,952
SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	(3,311,381)	(3,111,928)	(3,330,422)	(3,988,608)	(2,992,579)	(2,888,952)
FUNDING BALANCE	-	-	-	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Sources of operational funding
-	-	-	-	-	General Rates, uniform annual general charges, rates penalties
21,383,979	21,956,667	22,626,498	23,296,487	23,961,387	Targeted rates
1,339,255	1,333,978	1,349,800	1,392,762	1,388,577	Grants and subsidies for operating purposes
4,486,563	4,619,070	4,762,100	4,916,432	5,075,795	Fees and charges
7,174,879	7,590,893	7,795,038	8,205,242	8,640,546	Interest and dividends from investments
3,272,733	3,811,725	3,330,202	3,349,359	3,396,460	Local authorities fuel tax, fines, infringement fees and other receipts
37,657,409	39,312,332	39,863,637	41,160,282	42,462,765	TOTAL SOURCES OF OPERATING FUNDING
					Applications of operating funding
34,468,822	35,510,025	36,384,357	37,592,274	38,956,465	Payments to staff and suppliers
110,000	110,000	110,000	110,000	110,000	Finance costs
-	-	-	-	-	Other operating funding applications
34,578,822	35,620,025	36,494,357	37,702,274	39,066,465	TOTAL APPLICATIONS OF OPERATING FUNDING
3,078,586	3,692,307	3,369,280	3,458,008	3,396,300	SURPLUS/(DEFICIT) OF OPERATING FUNDING
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital expenditure
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(decrease) in debt
-	-	-	-	-	Gross proceed from sale of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
-	-	-	-	-	TOTAL SOURCES OF CAPITAL FUNDING
					Applications of capital funding
					Capital expenditure:
-	-	-	-	-	To meet additional demands
46,133	5,913	42,778	18,990	52,452	To improve levels of service
1,160,606	1,211,306	999,651	1,129,605	1,150,967	To replace existing assets
1,031,564	1,624,266	1,268,541	1,288,646	1,185,538	Increase/(decrease) in reserves
840,283	850,822	1,058,310	1,020,767	1,007,343	Increase/(decrease) in investments
3,078,586	3,692,307	3,369,280	3,458,008	3,396,300	TOTAL APPLICATIONS OF CAPITAL FUNDING
(3,078,586)	(3,692,307)	(3,369,280)	(3,458,008)	(3,396,300)	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING
-	-	-	-	-	FUNDING BALANCE

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Capital expenditure included above not in Comprehensive Revenue and Expense	6,894,471	6,136,548	1,360,599	883,068	875,460	898,615
Investment movements included above not in Comprehensive Revenue and Expense	290,781	399,450	1,137,781	1,876,645	1,045,162	152,876
Other gains included in Comprehensive Revenue and Expense not above	-	-	-	-	-	-
Gross proceeds included above not in Comprehensive Revenue and Expense	-	-	-	-	-	-
Financial asset fair value adjustments included in Comprehensive Revenue and Expense but not above	-	-	-	-	-	-
Property revaluation adjustments included in Comprehensive Revenue and Expense but not above	-	-	-	-	-	-
Transfers to/(from) special reserves included above not in Comprehensive Revenue and Expense	(3,873,871)	(2,804,504)	832,042	1,228,895	1,071,957	1,837,461
Infrastructure asset revaluation adjustments included in Comprehensive Revenue and Expense but not above	-	-	-	-	-	-
Depreciation Expense included in Comprehensive Revenue and Expense not above	(1,228,817)	(1,290,843)	(1,385,724)	(1,400,362)	(1,317,968)	(1,190,429)
Total Comprehensive Income per the Statement of Comprehensive Revenue and Expense	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523

Depreciation by activity	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Hazard management	1,520	1,520	1,520	1,520	1,520	1,520
Community representation and engagement	6,205	6,205	6,205	3,505	5,205	5,205
Resource management	302,327	318,746	328,854	330,419	328,562	328,562
River management	92,909	136,224	151,918	160,406	160,900	163,195
Support Services	750,971	752,575	817,109	818,849	730,754	599,229
Transport	74,885	75,573	80,118	85,663	91,027	92,718
Total depreciation by activity	1,228,817	1,290,843	1,385,724	1,400,362	1,317,968	1,190,429

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
1,206,739	1,217,219	1,042,429	1,148,595	1,203,419	Capital expenditure included above not in Comprehensive Revenue and Expense
840,283	850,822	1,058,310	1,020,767	1,007,343	Investment movements included above not in Comprehensive Revenue and Expense
-	-	-	-	-	Other gains included in Comprehensive Revenue and Expense not above
-	-	-	-	-	Gross proceeds included above not in Comprehensive Revenue and Expense
-	-	-	-	-	Financial asset fair value adjustments included in Comprehensive Revenue and Expense but not above
-	-	-	-	-	Property revaluation adjustments included in Comprehensive Revenue and Expense but not above
1,031,564	1,624,266	1,268,541	1,288,646	1,185,538	Transfers to/(from) special reserves included above not in Comprehensive Revenue and Expense
-	-	-	-	-	Infrastructure asset revaluation adjustments included in Comprehensive Revenue and Expense but not above
(1,205,690)	(1,148,988)	(1,152,545)	(1,167,768)	(1,173,808)	Depreciation Expense included in Comprehensive Revenue and Expense not above

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
1,520	1,520	1,520	1,520	1,520	Hazard management
5,205	5,205	5,205	5,205	5,205	Community representation and engagement
328,562	328,562	328,562	328,562	328,562	Resource management
174,180	174,180	177,121	192,344	192,938	River management
603,505	546,803	547,419	547,419	552,865	Support Services
92,718	92,718	92,718	92,718	92,718	Transport
1,205,690	1,148,988	1,152,545	1,167,768	1,173,808	Total depreciation by activity

Forecast information

This section includes a description of the underlying financial assumptions used when building the budgets and financial statements. It contains our financial statements including a new statement for the councils reserves and for capital expenditure. These statements show you the cost of services and how the costs are apportioned, and provide the basis for long term planning by enabling an information assessment of the financial sustainability of the services and policy decisions of the council. The statements are prepared in accordance with Generally Accepted Account Practices (GAPP) and the New Zealand International Financial Reporting Standards.

Significant forecasting assumptions

The financial forecasts within this long term plan are based on a range of assumptions about our future situation, in particular assumptions that impact on our revenue and expenditure levels. Schedule 10 of the Local Government Act 2002 requires that the council identity the significant forecasting assumptions and risks underlying the financial information set out in the Long Term Plan. Where there is a high level of uncertainty, council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects that uncertainty has on the financial estimates provided. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

Each year council reviews its position and has the opportunity to revise the intentions signalled in the 2015-2025 Long Term Plan. An annual plan may be prepared for the 2015-2016 financial year if required and for the 2017-2018 year, with a long term plan being prepared every third financial year. Where revised prospective financial statements are issued, council must provide an explanation of the changes made to the prospective financial statements in the long term plan and include a reconciliation of all material differences between the previously reported prospective financial statements and the revised financial statements. The projections for individual years will be reviewed annually if required through a special consultative procedure, in accordance with the Local Government Act 2002.

The financial forecast information disclosed is future focused for the purposes of the Financial Reporting Standard FRS-42: Prospective Financial Statements and accordingly, there are a number of budget assumptions that, at the time of preparing the forecast information the council reasonably expects to occur. These assumptions are necessary as the long term plan covers a 10 year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts.

The information presented in prospective financial statements is by definition uncertain and its preparation requires the exercise of judgement. Events and circumstances may not occur as expected or may not have been predicted. In addition, the council may subsequently take actions which differ from the intended courses of action on which the prospective financial statements were based. Actual financial results may be materially different to the forecast financial information presented in this long term plan.

The council has assumed that the actual results for the 2014-2015 financial year are largely in accordance with the 2014-2015 Annual Plan. Certain events have occurred that are not directly aligned with forecasts made in the 2014-2015 Annual Plan (e.g. the deferment to 2015-2016 of $2M of capital expenditure for the Kerikeri Spillway projected for 2014-2015, $5M net adjustment for the sale of two properties and the purchase of one property within the commercial portfolio, and $800K loans to organisations as part of the economic development programme) and the financial results have been adjusted accordingly.

The council has a reasonable and supportable basis for the determination of assumptions underlying these prospective financial statements. The realisation of assumptions may have a direct impact on resulting rates and funding requirements. The information in these financial statements may not be appropriate for purposes other than those described.

The prospective financial statements were authorised for issue on 16 June 2015 by council resolution. The council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The significant forecasting assumptions used in developing the financial forecasts in the Long Term Plan are detailed in the table over leaf.

Significant financial forecasting assumptions

General assumptions

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
The Northland **economy** has taken longer to move out of the recession caused by the global financial crisis than other regions of New Zealand, due in large part to climatic conditions. Between 2009 and 2014, Northland's GDP grew by 0.4% per annum compared to a 1.6% annual increase nationally. However, over the 10 year periods for which data is available the Northland economy has grown just slightly slower than the national economy, e.g. an annual growth rate of 2.3% during 2000-10 compared to 2.6% nationally. While there may be large annual variations, we are forecasting an average annual growth rate of 2.0% over the 10 years - slightly lower than the 2014 Budget forecast for the New Zealand economy. Sources: Northland Region Economic Profile 2014 and The Treasury Budget Economic and Fiscal Update 2014.	The current recovery stalls, is slower than expected or significantly deepens.	Low to medium	A 1% reduction in regional wide rating revenue in year one is $141,459, equivalent to 0.43% of our total operating budget.	A slow economy has the effect of perpetuating affordability issues and potentially resulting in increased rating arrears.
Population growth will be positive but slow (a 0.6% per annum increase compared to a national increase of 1.1% over the 10-year period 2013-2023) leading to a similar increase in separately used or inhabited parts of a property and rating units (SUIP's/RU's). Population growth is generally in the older age groups (e.g. 65+). These people are more likely to, want to age in place (at home) and retire on low fixed incomes (predominantly reliant on superannuation in their later years).	Population growth and/or growth in properties will be significantly different from projected. Rate postponements increase as a proportion of rates owed.	Low	Low This equates to an increase of 445 SUIP's/rating units per year. The average general rate per SUIP/rating unit is $182.29.	Short-term population changes have very little impact on regional council services. Existing resources have generally coped with service demands without major adjustments. The challenges of an aging population are largely borne by the district councils of Northland (pressures on infrastructure, matching services to demand etc.) A greater demand for public transport services may result in the urban areas, particularly

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
Impact: No additional expenditure has been provided in this plan for addressing issues related to population growth. Source: Statistics New Zealand, Subnational population projections by sex and age, 2013 (base) – 2043.				Whāngārei, as it is likely to expand at a greater rate than other areas within the region. A higher number of older people ageing in place (at home) will create demand for public transport/mobility to be available to access services and amenities.
Resource consents Conditions for existing resource consents held by council will not be significantly altered. Any resource consent due for renewal during the year will be renewed accordingly.	Conditions of resource consents are altered significantly. Council is unable to renew existing resource consents upon expiry.	Low	Low	The final effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the council needing to spend additional funds to enable compliance. Generally, the council considers that it is fully compliant with existing resource consents and does not contemplate any material departure from these requirements over 2014/15.
Changes to council's business There will be no significant change to council business dictated by as yet unknown/unconfirmed legislation or central government policy change.	Changes to council business significantly alter operations and activities carried out by council.	Medium	Low	The final effect of any change to council's business would depend upon the extent of the change. A significant change could result in the council altering its activities or spending additional funds to enable compliance.
Local government reorganisation in Northland won't happen For the purposes of this LTP, it is assumed that the council continues to exist for the period 2015-2025. We have assumed that the financial costs associated with the proposed reorganisation and any transition (should that occur during the first three financial years) are able to be met using existing council cash, investments (including income) and reserves and will not have any material effect on the overall financial forecasts in this plan. We have assumed that council uses a mix of staff and contractors to deliver the services and activities as per the council's long term plan and annual plan.	Council ceases to exist. (The timing and extent of any changes is not certain. However if change occurs it is probable that the council will cease to exist.) Council may incur costs associated with referendum/poll during 2015/16	Medium	Low	Delivery of services and funding will become a matter for the new council if council ceases to exist. The rating arrangements provided for in council's long term plan revenue and financing policies and funding impact statements continue to apply. Council will work with any transition body on the transition change management plan to implement any final proposal, including delivering services and activities as per the council's long term plan. Variations to long-term budget forecasts and levels of service may be required before the first long term plan of the new council.

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
	and may be in the early stages of a transition phase with consequent financial costs. The council's ability to retain and recruit staff is likely to be affected and may impact on levels of service.			If the Local Government Commission issues a final proposal before council adopts its long term plan it will be able to apply to only cover the first three years.
Any **indirect** impacts of the **Emissions Trading Scheme** through price increases being passed on to council are assumed to be covered by council's inflation assumptions. The **direct** impact of the **Emission Trading Scheme** is that council will be required to replant its forestry holdings after any harvest. The council's forestry management plan prescribes this approach. Council has received Emission Trading Scheme credits to financially compensate for this requirement.	Changes in government legislation result in charges greater than the budgeted expenditure.	Low	Low	Any annual changes to the Emission Trading Scheme will not have any material effect on the overall financial forecasts in this plan.
Climate change impacts Climate change will match the Ministry for the Environment's climate change predictions, which are based on recommendations from the International Panel on Climate Change (IPCC).	Climate change impacts coming earlier than expected – creating issues re civil defence, coastal structures, etc.	Medium	Low	Variations to long term budget forecasts and levels of service will be required and will be addressed by subsequent long term plans.
Budget provision will be adequate to address costs arising from **natural disasters**. Council holds insurance for its assets, including the Awanui River Flood Management Scheme. In addition, council holds a reserve titled the Land Management Reserve which if required, may be used to fund emergency works.	Natural or other hazard emergencies require work that cannot be funded out of normal budgetary provisions.	Low	Medium	The council's financial position is strong enough short-term funding requirements that may be required in the event of damage caused from natural disasters. Council may need to consult with the community retrospectively to repay any expense incurred.

Financial assumptions

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr>
<td>Inflation
Council has adjusted its base financial projections to reflect the estimated impact of inflation over the life of the 2015-2025 Long Term Plan using the Business and Economic Research Limited (BERL) “Forecasts of Price Level Change Adjustors” displayed below (at a per annum change).

The BERL Opex price adjustor forecasts have been applied to all the operational expenditure items subject to inflation, with the exception of salaries, electricity, as follows:
<table>
<tr><td>Year 1*</td><td>0.00%</td><td>Year 6</td><td>2.85%</td></tr>
<tr><td>Year 2</td><td>2.34%</td><td>Year 7</td><td>2.99%</td></tr>
<tr><td>Year 3</td><td>2.44%</td><td>Year 8</td><td>3.14%</td></tr>
<tr><td>Year 4</td><td>2.57%</td><td>Year 9</td><td>3.28%</td></tr>
<tr><td>Year 5</td><td>2.71%</td><td>Year 10</td><td>3.28%</td></tr>
</table>
The BERL Capex price adjustor forecasts have been applied to capital expenditure items as follows:
<table>
<tr><td>Year 1*</td><td>0.00%</td><td>Year 6</td><td>3.01%</td></tr>
<tr><td>Year 2</td><td>2.61%</td><td>Year 7</td><td>3.18%</td></tr>
<tr><td>Year 3</td><td>2.66%</td><td>Year 8</td><td>3.35%</td></tr>
<tr><td>Year 4</td><td>2.70%</td><td>Year 9</td><td>3.58%</td></tr>
<tr><td>Year 5</td><td>2.85%</td><td>Year 10</td><td>3.58%</td></tr>
</table>
* Year one budget forecasts were developed on the basis that expenditure for year one could be determined and did not require the application of an inflation adjustor.</td>
<td>The actual rate of inflation varies from the assumed rate of inflation.</td>
<td>Years 1-3
Low to medium

Years 4-10

Medium - High</td>
<td>Low to medium

A 1% point increase in the inflation rate over and above the BERL rates will increase council’s total operating expenditure by $171,002.

Should operating expenditure increase and council is not able to achieve savings to offset the increase, it is likely there will be a proportional impact on council’s funding and expenditure in the following year.</td>
<td>Inflation is affected by external factors, all of which are outside of council’s control and influence.

Actual individual indices will at times vary from what has been assumed in this plan. The council has relied on the Reserve Bank’s use of monetary controls to keep inflation within the 1% to 3% range.</td>
</tr>
<tr>
<td>Inflation rates applied - salaries
Salary increases have been estimated in Years 2-10 of the plan using the BERL “Staff” price adjustor displayed below (at a per annum change).</td>
<td>The actual rate of salary increases will vary from the assumed rate of salary increases.</td>
<td>Low to Medium</td>
<td>Low

A 1% point increase in salaries in year</td>
<td>Although the actual annual salaries expenditure incurred by council may vary against</td>
</tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>Year one salary were estimated on the basis of 1.8% increase as per the published BERL “Staff” price adjustor plus a 0.7% increase for merit and equalisation adjustments.
<table>
<tr><td>Year 1</td><td>1.8%</td><td>Year 6</td><td>2.3%</td></tr>
<tr><td>Year 2</td><td>1.9%</td><td>Year 7</td><td>2.4%</td></tr>
<tr><td>Year 3</td><td>2.0%</td><td>Year 8</td><td>2.5%</td></tr>
<tr><td>Year 4</td><td>2.1%</td><td>Year 9</td><td>2.6%</td></tr>
<tr><td>Year 5</td><td>2.2%</td><td>Year 10</td><td>2.6%</td></tr>
</table></td><td></td><td></td><td>one over and above the rate applied will increase operating expenditure by $115,633.</td><td>its corresponding forecast, it is expected to be manageable and it is not considered that any annual salaries variance will have a material effect on the overall financial forecasts in the Long Term Plan.</td></tr>
<tr><td>Inflation rates applied - electricity
Electricity has been estimated throughout the life of the plan using the BERL ““Energy” price adjustor displayed below (at a per annum change).
<table>
<tr><td>Year 1*</td><td>0.0%</td><td>Year 6</td><td>4.5%</td></tr>
<tr><td>Year 2</td><td>3.8%</td><td>Year 7</td><td>4.7%</td></tr>
<tr><td>Year 3</td><td>3.9%</td><td>Year 8</td><td>4.9%</td></tr>
<tr><td>Year 4</td><td>4.1%</td><td>Year 9</td><td>5.1%</td></tr>
<tr><td>Year 5</td><td>4.3%</td><td>Year 10</td><td>5.1%</td></tr>
</table>
* Year one budget forecasts were developed on the basis that expenditure for year one could be determined and did not require the application of an inflation adjustor.</td><td>The actual rate of increases in energy related expenditure will vary from the assumed rate of energy increases.</td><td>Low to Medium</td><td>Low
A 1% point increase in electricity expenditure in year one over and above the BERL rates will increase operating expenditure by $1,249.</td><td>Although the actual annual energy expenditure incurred by council may vary against its corresponding forecast, it is expected to be manageable and it is not considered that any annual variance in energy related expenditure will have a material effect on the overall financial forecasts in the Long Term Plan.</td></tr>
<tr><td>Inflation rates applied – activity income
Activity income sources subject to inflation are assumed to increase throughout years 2-10 of the plan using the BERL Opex price adjustor displayed below (at a per annum change), with the exception of Rating revenues and New Zealand Transport Agency subsidies:
Year one budget forecasts were developed on the basis of a council resolution to increase user fees and charges by 2.5%
<table>
<tr><td>Year 1</td><td>2.50%</td><td>Year 6</td><td>2.85%</td></tr>
</table></td><td>The actual activity revenue is influenced by rates of inflation different than the assumed rate.</td><td>Low</td><td>Low</td><td>Although activity income streams may vary annually due to factors outside of councils control, it is considered manageable and it is not considered to have a material effect on the overall financial forecasts in the Long Term Plan.</td></tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td><table>
<tr><td>Year 2</td><td>2.34%</td><td>Year 7</td><td>2.99%</td></tr>
<tr><td>Year 3</td><td>2.44%</td><td>Year 8</td><td>3.14%</td></tr>
<tr><td>Year 4</td><td>2.57%</td><td>Year 9</td><td>3.28%</td></tr>
<tr><td>Year 5</td><td>2.71%</td><td>Year 10</td><td>3.28%</td></tr>
</table></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Inflation rates applied – New Zealand Transport Agency subsidy income
Subsidy income is a function of transport activity cost and work categories. The subsidy available for the work categories varies from no subsidy to 54%. Council has assumed there will be no change to the current government funding formula and as such, has applied the subsidy at the level advised by New Zealand Transport Agency at the time of preparing the plan.</td><td>That actual subsidy rates and criteria for approved works change from the time the long term plan is compiled.</td><td>Medium</td><td>Low
The maximum financial impact would be the total elimination of the total subsidy income estimated in year one at $880,022.</td><td>Changes to the funding priorities of the New Zealand Transport Agency are outside council's control.
If the level of New Zealand Transport Agency subsidy income is lower than forecast it may require a reprioritisation of the transport work program or an increase in funding from alternative sources (e.g. regional-wide rates).</td></tr>
<tr><td>Rates increases applied – rating income
In order to fund the expenditure outlined throughout the long term plan council intends to increase its targeted regional wide rates at the amounts (at an annual increment) displayed in the table below:<table>
<tr><td>Year 1</td><td>5.00%</td><td>Year 6</td><td>2.85%</td></tr>
<tr><td>Year 2</td><td>2.34%</td><td>Year 7</td><td>2.99%</td></tr>
<tr><td>Year 3</td><td>2.44%</td><td>Year 8</td><td>3.14%</td></tr>
<tr><td>Year 4</td><td>2.57%</td><td>Year 9</td><td>3.28%</td></tr>
<tr><td>Year 5</td><td>2.71%</td><td>Year 10</td><td>3.28%</td></tr>
</table></td><td>That the projected rate increases are insufficient to cover expenditure increases resulting from inflation.</td><td>Low – Medium</td><td>Low – Medium
In year one regional wide rate funding provides approximately 40% of council revenue, with the remaining revenue coming from investment income, user charges, grants and subsidies.
A 1% increase in year one regional wide rating income would provide $141,459 additional income, whilst a 1% increase in year one operating costs would equate to an additional $263,886 of expenditure.</td><td>Although the disparity is considered manageable, it may result in a reprioritisation of council's work programme and/or an increase in funding from alternative sources.</td></tr>
</table>

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
Mid-North bus service Council have consulted on and agree to a trial for a Mid-North bus service commencing in 2016-17 financial year. The service trial will run for one year and be funded with a targeted rate. For the purposes of this plan it has been assumed the service will be a success and continue. Therefore the rate revenue and expenditure associated with this have been included in year 2 to 10.	The trial is not successful and the service is withdrawn.	Medium	Low	The service is fully funded by the targeted rate. Withdrawal of the service will have no bottom line financial impact
Investment income transferred to the Investment and Growth Reserve $1.7M of Investment income will be transferred from being a source of operational funding to the Investment and Growth Reserve per annum for the life of the plan.	The council will speed up the transition The council will slow down the transition.	Low – Medium Low	An increase or decrease of 1% in the forecast transfer to the Investment and Growth Reserve will result in a $17,000 movement in the balance of the Reserve.	There will be a higher rate increase than projected in the Long Term Plan There will be less funds available in the Investment and Growth Reserve for allocation.
Forecast return on council investments **Cash investments** Interest income derived from cash deposits is calculated upon an assumption of 3.15% per annum for the call account, 5.23% to 6.31% for existing term deposits and 5.14% to 5.43% for re-investment into fixed income investments. **Stocks and bonds (fixed)** Interest income derived from fixed investments is calculated at the relevant coupon rate until maturity of such investment. **Externally managed funds** Interest income derived from investments in externally managed funds is calculated upon an assumption of 7% per annum.	Actual interest rates vary from those projected.	Low – Medium	Low – Medium An increase (or decrease) of 1% above (or below) forecast returns on cash deposits will result in a variance in interest in year one of the plan of $261,743.	If actual interest rates are lower than the forecast rates, then the Growth and Investment Reserve may receive a reduced allocation and/or other funding sources or savings may be considered to offset the difference.
Forestry Investment Revenue Forestry revenue is projected in line with the forestry management plan. The forestry is revalued annually. The valuation adjustments are provided by an independent forestry consultant. These are non-cash and as the forest is a long-term asset, the adjustments do not impact on funding or expenditure requirements.	Projected forestry returns differ significantly from those estimated.	Low – Medium	Low	If the projected harvest return is below expectations, the council is able to defer harvesting for a number of years.

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>**Forecast return on investments made from the Investment and Growth Reserve**
It is assumed funding set aside in the Investment and Growth Reserve will earn a return of 5.14% to 5.43% per annum.

Investment and Growth Reserve funds will be invested in accordance with council's Treasury Management Policy criteria until such time as they are allocated to projects in accordance with the Investment and Growth Reserve Criteria.

The actual return on project allocations from the IGR will vary significantly. Council recognises higher risk investments, may provide higher returns, but there is also a risk of the project not delivering the expected return. It is also possible that council will accept a lower return on projects that contribute positively to social and cultural well-beings.</td><td>Actual returns vary from those projected.</td><td>Medium</td><td>Low to medium

An increase (or decrease) of 1% above (or below) forecast returns on funding set aside in the Investment and Growth Reserve will result in a variance in investment revenue in year one of the plan of $27,255.</td><td>If actual investment returns are lower than forecasted rates there will be less funding available to invest in further projects. This may have an impact on council's ability to make a positive contribution towards promoting economic development in Northland. Rating levels will not be affected.</td></tr>
<tr><td>**Income from the Community Investment Fund**
The opening balance of the fund is assumed at $11.382 million. The Community Investment Fund managers have forecast income from the fund for the life of the plan as follows:
<table>
<tr><td>Year 1</td><td>6.9%</td><td>Year 6</td><td>7.2%</td></tr>
<tr><td>Year 2</td><td>6.9%</td><td>Year 7</td><td>7.2%</td></tr>
<tr><td>Year 3</td><td>7.5%</td><td>Year 8</td><td>7.2%</td></tr>
<tr><td>Year 4</td><td>7.5%</td><td>Year 9</td><td>7.2%</td></tr>
<tr><td>Year 5</td><td>7.2%</td><td>Year 10</td><td>7.2%</td></tr>
</table>
Council intends to increase the value of the capital of fund by reinvesting all the interest derived from the fund over the first three years of the plan.
<table>
<tr><th>Year</th><th>Forecast Income</th><th>Reinvest</th><th>Fund balance</th></tr>
<tr><td>1</td><td>$783K</td><td>$783K</td><td>$12.2M</td></tr>
<tr><td>2</td><td>$836K</td><td>$836K</td><td>$13.0M</td></tr>
<tr><td>3</td><td>$977K</td><td>$977K</td><td>$14.0M</td></tr>
</table></td><td>That the income from the Community Investment Fund differs to forecast.</td><td>Medium</td><td>Medium

In year one a 1% change in income from the Community Investment Fund equates to $7,830. Any reduction in Community Investment Fund income may result in the Investment and Growth Reserve being called upon to fund the shortfall.</td><td>If actual Community Investment Fund income is lower than the forecast levels, then the Growth and Investment Reserve will need to contribute a greater level of funding to the council-controlled organisation.</td></tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>From Year 4, council intends to maintain the real value of the fund by increasing the capital amount of the fund by the level of inflation forecast for each year of this plan. As follows:
<table>
<tr><th>Year</th><th>Forecast Inflation</th><th>Reinvest</th><th>Fund balance</th></tr>
<tr><td>4</td><td>2.6%</td><td>$368K</td><td>$14.4M</td></tr>
<tr><td>5</td><td>2.7%</td><td>$397K</td><td>$14.8M</td></tr>
<tr><td>6</td><td>2.9%</td><td>$430K</td><td>$15.2M</td></tr>
<tr><td>7</td><td>3.0%</td><td>$467K</td><td>$15.7M</td></tr>
<tr><td>8</td><td>3.1%</td><td>$505K</td><td>$16.2M</td></tr>
<tr><td>9</td><td>3.3%</td><td>$550K</td><td>$16.7M</td></tr>
<tr><td>10</td><td>3.3%</td><td>$569K</td><td>$17.3M</td></tr>
</table>

The fund’s capital value may be subject to market fluctuations that are beyond the control of the council.
The income (less the reinvested amount) from the fund will be distributed to council, and council will use this income as well as income from the Investment and Growth Reserve to provide annual funding to Northland Inc. Limited.</td><td></td><td></td><td></td><td></td></tr>
<tr><td>**Borrowing costs (external and internal)**
Council is not forecasting any external borrowing over the 10-year life of the plan. However, council is investigating the option to fund infrastructure from external borrowings rather than internal borrowings where it would be beneficial to rate payers to do so. External borrowing may occur during the life of this plan. Where council borrows externally and is able to achieve a lower cost of borrowing, the benefit of the lower interest rates will be returned to the ratepayers in the targeted rate area through lower annual rates or a shorter targeted rate time frame.
Interest Income derived from internal borrowing has been calculated on the assumption of 7% per annum. Internal interest cost of 7% is considered</td><td>The prevailing interest rate varies from those assumed.</td><td>Medium</td><td>Low</td><td>If any actual borrowing should eventuate, an unbudgeted interest expense will also eventuate and this may affect the level of rating income increase required to fund such expenditure.
Interest expense and interest income associated with internal borrowing offset each other in the financial forecasts.</td></tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>appropriate as council considers it can achieve the same rate by investing in fixed longer-term stock and bond investments.
Any internal interest expense applicable to internal borrowings is allocated directly to the activity to which the loan relates.
The actual internal borrowing rate may be subject to change and will be based upon the cost of borrowing and available investment returns at the time of borrowing.
If at any point in time an internal loan has a positive balance (i.e. the capital repayments exceed the amount borrowed) then interest will be paid on that positive balance at 5% per annum.</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Dividends
It is assumed that council will maintain its shareholding in Marsden Maritime Holdings Limited.
It is assumed that the dividend, expressed as a cents per share amount (cps), received from this shareholding will be as follows:
<table>
<tr><th>Year</th><th>CPS</th><th>Year</th><th>CPS</th></tr>
<tr><td>1</td><td>12.75</td><td>6</td><td>17.25</td></tr>
<tr><td>2</td><td>14.25</td><td>7</td><td>17.75</td></tr>
<tr><td>3</td><td>15.50</td><td>8</td><td>18.25</td></tr>
<tr><td>4</td><td>16.25</td><td>9</td><td>18.75</td></tr>
<tr><td>5</td><td>16.75</td><td>10</td><td>19.25</td></tr>
</table>
Council is not forecasting any dividends from Regional Software Holdings Limited. nor any special dividends from Marsden Maritime Holdings Limited.</td><td>Council chooses not to maintain its shareholding.
The actual dividend per share will vary from the assumed amount.
No dividend return from RSHL.</td><td>Low
Low</td><td>Low
An alternative investment would be sought with an annual return.
Low
A one cent per share movement in the declared Northland Port Corporation (NZ) Limited dividend will have an impact on council's dividend income by $221,429.</td><td>If actual dividend income is lower than the forecast other funding sources or savings will be considered to offset the difference.</td></tr>
<tr><td>Investment property rental income
It is assumed the council's investment property portfolio will be tenanted throughout the plan at the current occupancy rates and that rents will be increased at review date by the following adjustors:</td><td>Occupancy rates decline and/or rent reviews are less than forecast – resulting in less than forecast rental income.</td><td>Low</td><td>Low
A 1% reduction in council's investment property rental income equates to $29,132.</td><td>All investment property rentals are subject to contractual obligations which have varying renewal and review periods. The large majority of rental properties have 5, 7 and 21-year lease</td></tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td><table>
<tr><td>21-year review occurring at any time throughout the plan.</td><td>50%</td></tr>
<tr><td>20-year review occurring at any time throughout the plan.</td><td>50%</td></tr>
<tr><td>7-year review occurring in the years 1-3 of the plan.</td><td>5%</td></tr>
<tr><td>7-year review occurring in years 4-10 of the plan.</td><td>10%</td></tr>
<tr><td>A five-year review occurring in years 1-5 of the plan.</td><td>10%</td></tr>
<tr><td>A five-year review occurring in years 6-10 of the plan.</td><td>15%</td></tr>
</table>
Commercial property sales
It is assumed the proceeds from any investment property sale will be reinvested in an investment that provides a return of 7% per annum.</td><td></td><td></td><td></td><td>reviews, and the reviews falling due in any one year will not have an material impact on the annual rental income.</td></tr>
<tr><td>Revaluation of investment properties
It is assumed that the value of council’s investment properties will not change over the life of the plan.
This assumption is consistent with the expectation that Northland’s population and economy will grow slower than the national average.</td><td>That the actual revaluation movements will vary from those assumed.</td><td>Medium</td><td>Low
A 1% increase in council’s investment property portfolio equates to an estimated increase of $495,790 in the value of the portfolio.</td><td>Any investment revaluations are non-cash in nature so will have no material impact on council’s funding sources.
There is no impact on depreciation as investment properties are not depreciated.</td></tr>
<tr><td>Revaluation of infrastructure assets
It is assumed that the value of council’s infrastructure assets will not change over the life of the plan.</td><td>That the actual revaluation movements will be significantly different from those forecasted.</td><td>Medium</td><td>Low
A 1% increase in infrastructure asset values will equate to an increase in depreciation of $998.
For land assets there is no impact on depreciation as these assets are not depreciated.</td><td>If the revaluations are different from those forecast, it will affect the fixed asset values and flow through to changed levels of depreciation expense.</td></tr>
</table>

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
Sufficient sources of funds for the future replacement of significant assets will be available at the end of their useful life.	Insufficient funds will be available to replace significant assets at the end of their useful lives.	Low	Low	Targeted regional-wide rates, user charges and other targeted rates will increase to achieve the funding requirements. The council may use borrowings in accordance with the Revenue and Financing Policy and Treasury Management Policy.
Useful lives of significant assets The useful lives of significant assets are shown in council's Statement of Accounting Policies. It is assumed that no significant assets will fail before the end of their useful lives as set out in accounting policy of council. Council is aware of all planned asset acquisitions and all asset acquisitions (as per the capital expenditure program) shall be depreciated on the same basis as existing assets.	That council assets wear out earlier or later than estimated. That council changes activities resulting in decisions not to replace certain existing assets.	Low	Low	Council has very little in way of major infrastructural assets. As part of its asset management planning process council identifies the capacity and condition of such assets, and plans its replacement program accordingly. Depreciation and interest costs (if borrowing was required) would increase if capital expenditure was required earlier than anticipated, and any earlier replacement may result in the deferral of other discretionary capital projects. Where a decision is made not to replace an asset this will be factored into the capital expenditure projections.
Vested assets There is no vesting or divesting of assets for the period of the Long Term Plan.	Assets will be vested with the council	Low	Low	Vested assets have an associated depreciation expense and this would increase the level of rating required if the council decide that the asset would be replaced at the end of its useful life.
Joint Venture with KiwiRail (Ontrack) for the proposed Marsden Point Rail Link The council is holding properties purchased along the Marsden Point rail corridor as Investment Properties for the term of the Plan.	That the timing or amount of disposal of the sale of Investment	Medium Medium	Low A 1% decrease in the Marsden Point rail	If the actual proceeds received from the sale of Joint Venture Investment Assets differ to those forecasted there will be less

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
It is further assumed that should any of these properties be sold during the term of the plan there will be no change in the total Investment revenue earned by council.	Assets differs from that assumed. That the value of the designation inventory asset is impaired or realised during the term of the plan.		corridor investment property revenue equates to $8,749. Low A 1% decrease in the Marsden to Oakleigh rail corridor designation in year 1 equates to an impairment cost of $50,941.	investment income available to either subsidise operational funding. A 1% increase or decrease in the sale value of joint Venture Investment Assets held will result in a +/-24,830 increase or decrease in cash available to be invested. Any impairment of the inventory asset is a non-cash expense and therefore any impact will be immaterial.

Prospective financial statements

Prospective statement of comprehensive revenue and expense

For the 2015-25 Long Term Plan Periods Ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Revenue						
Rates	17,967,094	20,009,632	20,694,756	21,099,785	20,334,880	20,838,074
Fees and charges	4,369,055	4,014,840	4,049,544	4,145,664	4,250,388	4,363,799
Subsidies and grants	1,081,008	1,192,704	1,264,606	1,296,848	1,289,812	1,302,160
Finance revenue	2,642,586	1,620,344	1,615,171	1,778,562	1,885,599	2,078,327
Other revenue	6,107,155	6,984,800	6,332,242	6,621,306	6,835,557	6,961,308
Other gains	177,000	783,000	836,000	977,000	1,048,000	1,077,000
TOTAL REVENUE	32,343,898	34,605,321	34,792,319	35,919,165	35,644,236	36,620,667
Expenditure						
Personnel costs	11,469,597	12,112,685	12,343,456	12,590,752	12,855,804	13,138,632
Depreciation and amortisation expense	1,228,817	1,290,843	1,385,724	1,400,362	1,317,968	1,190,429
Finance costs	110,866	110,000	110,000	110,000	110,000	110,000
Other losses	-	-	-	-	-	-
Other expenditure on activities	17,275,054	18,651,142	19,008,441	19,229,804	19,685,853	20,483,083
TOTAL OPERATING EXPENDITURE	30,084,334	32,164,670	32,847,621	33,330,918	33,969,625	34,922,145
SURPLUS/(DEFICIT) BEFORE TAX	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523
INCOME TAX CREDIT/(EXPENSE)	-	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523
SURPLUS/(DEFICIT) ATTRIBUTABLE TO:						
Northland Regional Council	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523
Non-controlling interest	-	-	-	-	-	-
Other comprehensive income						
Items that will be reclassified to surplus/(deficit):						
Financial assets at fair value through other comprehensive revenue	-	-	-	-	-	-
Items that will not be reclassified to surplus/(deficit):						
Gains/(loss) on property revaluations	-	-	-	-	-	-
Gains/(loss) on Infrastructure asset revaluations	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE REVENUE	-	-	-	-	-	-
TOTAL COMPREHENSIVE REVENUE FOR THE YEAR	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan Periods Ending 30 June
					Revenue
21,383,979	21,956,667	22,626,498	23,296,487	23,961,387	Rates
4,486,563	4,619,070	4,762,100	4,916,432	5,075,795	Fees and charges
1,339,255	1,333,978	1,349,800	1,392,762	1,388,577	Subsidies and grants
2,248,729	2,522,043	2,579,488	2,841,992	3,124,596	Finance revenue
7,091,883	7,741,575	7,370,752	7,500,609	7,658,410	Other revenue
1,107,000	1,139,000	1,175,000	1,212,000	1,254,000	Other gains
37,657,409	39,312,332	39,863,637	41,160,282	42,462,765	TOTAL REVENUE
					Expenditure
13,441,601	13,764,716	14,109,166	14,476,141	14,852,606	Personnel costs
1,205,690	1,148,988	1,152,545	1,167,768	1,173,808	Depreciation and amortisation expense
110,000	110,000	110,000	110,000	110,000	Finance costs
-	-	-	-	-	Other losses
21,027,222	21,745,310	22,275,191	23,116,133	24,103,860	Other expenditure on activities
35,784,512	36,769,013	37,646,902	38,870,042	40,240,273	TOTAL OPERATING EXPENDITURE
1,872,896	2,543,319	2,216,735	2,290,240	2,222,492	SURPLUS/(DEFICIT) BEFORE TAX
-	-	-	-	-	INCOME TAX CREDIT/(EXPENSE)
1,872,896	2,543,319	2,216,735	2,290,240	2,222,492	SURPLUS/(DEFICIT) AFTER TAX
					SURPLUS/(DEFICIT) ATTRIBUTABLE TO:
1,872,896	2,543,319	2,216,735	2,290,240	2,222,492	Northland Regional Council
-	-	-	-	-	Non-controlling interest
					Other comprehensive income
					Items that will be reclassified to surplus/(deficit):
-	-	-	-	-	Financial assets at fair value through other comprehensive revenue
					Items that will not be reclassified to surplus/(deficit):
-	-	-	-	-	Gains/(loss) on property revaluations
-	-	-	-	-	Gains/(loss) on Infrastructure asset revaluations
-	-	-	-	-	TOTAL OTHER COMPREHENSIVE REVENUE
1,872,896	2,543,319	2,216,735	2,290,240	2,222,492	TOTAL COMPREHENSIVE REVENUE FOR THE YEAR

Prospective statement of financial position

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Current assets						
Cash and cash equivalents	2,152,405	831,029	2,766,262	4,872,960	6,744,502	9,180,720
Investments	8,397,258	11,281,864	9,981,864	9,981,864	9,981,864	9,981,864
Receivables	5,134,569	5,233,112	5,099,612	5,192,753	5,188,392	5,295,357
Inventories	3,204,860	3,201,224	3,249,224	3,297,224	3,345,224	3,393,224
Other current assets	-	-	-	-	-	-
TOTAL CURRENT ASSETS	18,889,093	20,547,229	21,096.962	23,344,801	25,259,982	27,851,165
Non curent assets						
Investments non-current	32,244,972	30,795,536	31,631,536	32,608,536	32,976,536	33,373,236
Infrastructure, property, plant and equipment	31,526,390	33,406,275	33,666,044	33,433,649	33,183,202	32,951,036
Investment property	44,018,502	45,579,000	45,579,000	45,579,000	45,579,000	45,579,000
Intangible assets	806,770	943,710	658,816	373,922	181,834	121,834
Biological assets	2,056,222	1,933,000	1,933,000	1,933,000	1,933,000	1,933,000
Other non-current assets	5,395,453	5,908,752	5,899,336	5,894,019	5,894,022	5,144,622
TOTAL NON CURRENT ASSETS	116,048,309	118,566,273	119,367,732	119,822,126	119,747,594	119,102,728
TOTAL ASSETS	134,937,402	139,113,502	140,464,695	143,166,927	145,007,576	146,953,894
Current liabilities						
Payables	5,566,603	5,241,678	4,588,173	4,642,158	4,748,196	4,935,990
Provisions	1,870,345	1,361,299	1,416,299	1,471,299	1,526,299	1,581,299
TOTAL CURRENT LIABILITIES	7,436,949	6,602,977	6,004,472	6,113,457	6,274,495	6,517,289
Non curent liabilities						
Provisions non-current	37,725	25,563	30,563	35,563	40,563	45,563
TOTAL NON CURRENT LIABILITIES	37,725	25,563	30,563	35,563	40,563	45,563
TOTAL LIABILITIES	7,474,674	6,628,540	6,035,035	6,149,020	6,315,058	6,562,852
NET ASSETS	127,462,728	132,484,962	134,429,660	137,017,907	138,692,518	140,391,041
Equity						
Retained earnings	125,203,164	129,999,159	131,085,677	132,437,725	133,081,758	132,942,820
Revaluation reserves	2,940,755	2,940,755	2,940,755	2,940,755	2,940,755	2,940,755
Other reserves	(681,191)	(454,952)	403,228	1,639,427	2,670,005	4,507,466
Total equity attributable to Northland Regional Council	127,462,728	132,484,962	134,429,660	137,017,907	138,692,518	140,391,041
Non-controlling interests in subsidary companies	-	-	-	-	-	-
TOTAL EQUITY	127,462,728	132,484,962	134,429,660	137,017,907	138,692,518	140,391,041

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Current assets
10,539,478	12,299,185	13,764,715	15,094,092	16,174,717	Cash and cash equivalents
9,981,864	9,981,864	9,981,864	9,981,864	9,981,864	Investments
5,518,323	5,959,166	6,449,597	7,091,119	7,880,018	Receivables
3,441,224	3,441,224	3,441,224	3,441,224	3,441,224	Inventories
-	-	-	-	-	Other current assets
29,480,890	31,729,439	33,733,399	35,752,299	37,669,823	TOTAL CURRENT ASSETS
					Non curent assets
33,803,236	34,270,236	34,775,236	35,325,236	35,894,236	Investments non-current
33,012,026	33,080,152	32,969,937	32,950,695	32,980,217	Infrastructure, property, plant and equipment
45,579,000	45,579,000	45,579,000	45,579,000	45,579,000	Investment property
61,834	61,834	61,834	61,834	61,834	Intangible assets
1,933,000	1,933,000	1,933,000	1,933,000	1,933,000	Biological assets
5,144,622	5,144,315	5,144,265	5,144,615	5,144,615	Other non-current assets
119,533,718	120,068,537	120,463,272	120,994,380	121,592,902	TOTAL NON CURRENT ASSETS
149,014,607	151,797,976	154,196,671	156,746,679	159,262,725	TOTAL ASSETS
					Current liabilities
5,063,808	5,243,858	5,365,818	5,565,586	5,799,140	Payables
1,636,299	1,691,299	1,746,299	1,801,299	1,856,299	Provisions
6,700,107	6,935,157	7,112,117	7,366,885	7,655,439	TOTAL CURRENT LIABILITIES
					Non curent liabilities
50,563	55,563	60,563	65,563	70,563	Provisions non-current
50,563	55,563	60,563	65,563	70,563	TOTAL NON CURRENT LIABILITIES
6,750,670	6,990,720	7,172,680	7,432,448	7,726,002	TOTAL LIABILITIES
142,263,937	144,807,256	147,023,991	149,314	151,536,723	NET ASSETS
					Equity
133,762,741	134,681,794	135,629,988	136,631,582	137,668,536	Retained earnings
2,940,755	2,940,755	2,940,755	2,940,755	2,940,755	Revaluation reserves
5,560,441	7,184,707	8,453,248	9,741,894	10,927,432	Other reserves
142,263,937	144,807,256	147,023,991	149,314,231	151,536,723	Total equity attributable to Northland Regional Council
-	-	-	-	-	Non-controlling interests in subsidary companies
142,263,937	144,807,256	147,023,991	149,314,231	151,536,723	TOTAL EQUITY

Prospective statement of changes in equity

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
BALANCE AT 1 JULY	125,203,164	130,044,311	132,484,962	134,429,660	137,017,907	138,692,518
Total Comprehensive Revenue and Expense	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523
BALANCE AT 30 JUNE	127,462,728	132,484,962	134,429,660	137,017,907	138,692,518	140,391,041
Total Comprehensive Revenue and Expense attributable to:						
Northland Regional Council	2,259,564	2,440,651	1,944,698	2,588,247	1,674,611	1,698,523
Non-controlling interests	-	-	-	-	-	-
TOTAL AT 30 June	127,462,728	132,484,962	134,429,660	137,017,907	138,692,518	140,391,041

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
140,391,041	142,263,937	144,807,256	147,023,991	149,314,231	BALANCE AT 1 JULY
1,872,896	2,543,319	2,216,735	2,290,240	2,222,492	Total Comprehensive Revenue and Expense
142,263,937	144,807,256	147,023,991	149,314,231	151,536,723	BALANCE AT 30 JUNE
					Total Comprehensive Revenue and Expense attributable to:
1,872,896	2,543,319	2,216,735	2,290,240	2,222,492	Northland Regional Council
-	-	-	-	-	Non-controlling interests
142,263,937	144,807,256	147,023,991	149,314,231	151,536,723	TOTAL AT 30 June

Prospective statement of cashflows

For the 2015-25 Long Term Plan periods ending 30 June	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Cash flows from operating activities					
Receipts from rates revenue	20,078,515	20,820,537	21,031,044	20,384,052	20,801,219
Receipts from customers	4,766,925	4,950,875	5,043,473	5,152,717	5,271,000
Subsidies and grants received	901,764	1,183,694	1,193,273	1,179,520	1,184,166
GST received	2,215,076	2,446,123	2,604,624	2,504,524	2,574,796
Interest received	1,620,344	1,615,171	1,778,562	2,565,599	2,758,327
Other revenue received	5,919,092	5,811,043	6,080,283	6,339,885	6,445,429
Employee benefits and on-costs	(12,645,037)	(13,117,675)	(13,402,610)	(13,684,973)	(13,986,323)
Materials and contracts	(20,767,233)	(21,434,647)	(21,050,625)	(21,395,098)	(22,159,475)
Other payments - operating	(151,436)	(178,408)	(183,575)	(189,250)	(194,356)
Interest paid	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,828,010	1,986,713	2,984,450	2,746,974	2,584,782
Cash flows from investing activities					
Sale of infrastructure, property, plant and equipment	619,566	-	-	-	750,000
Other receipts - investing	1,440,000	1,300,000	-	-	-
Purchase of infrastructure, property, plant and equipment	(6,136,548)	(1,360,599)	(883,073)	(875,433)	(898,564)
NET CASH PROVIDED IN INVESTING ACTIVITIES	(4,076,982)	(60,599)	(883,073)	(875,433)	(148,564)
Cash flows from financing activities					
Other receipts - financing	9,120	9,120	5,320	-	-
NET CASH PROVIDED IN FINANCING ACTIVITIES	9,120	9,120	5,320	-	-
Net increase/(decrease) in cash and cash equivalents	(2,239,852)	1,935,233	2,106,698	1,871,541	2,436,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,070,881	831,029	2,766,262	4,872,960	6,744,501
CASH AND CASH EQUIVALENTS AT END OF PERIOD	831,029	2,766,262	4,872,960	6,744,501	9,180,720

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Cash flows from operating activities
21,253,600	21,638,678	22,280,794	22,836,741	23,384,236	Receipts from rates revenue
53,98,529	5,536,180	5,684,762	5,845,084	6,010,636	Receipts from customers
1,212,898	1,199,615	1,206,311	1,238,843	1,224,978	Subsidies and grants received
2,638,541	2,704,516	2,793,890	2,883,873	2,969,713	GST received
2,925,729	3,194,043	3,249,488	3,503,992	3,809,596	Interest received
6,551,831	7,254,669	6,779,835	6,880,327	7,009,089	Other revenue received
(14,309,123)	(14,653,443)	(15,020,526)	(15,411,646)	(15,813,215)	Employee benefits and on-costs
(22,796,687)	(23,581,590)	(24,144,402)	(24,970,066)	(25,974,606)	Materials and contracts
(199,881)	(205,847)	(212,292)	(219,246)	(226,472)	Other payments - operating
(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	Interest paid
2,565,438	2,976,821	2,507,860	2,477,902	2,283,956	NET CASH PROVIDED FROM OPERATING ACTIVITIES
					Cash flows from investing activities
-	-	-	-	-	Sale of infrastructure, property, plant and equipment
-	-	-	-	-	Other receipts - investing
(1,206,679)	(1,217,115)	(1,042,330)	(1,148,526)	(1,203,330)	Purchase of infrastructure, property, plant and equipment
(1,206,679)	(1,217,115)	(1,042,330)	(1,148,526)	(1,203,330)	NET CASH PROVIDED IN INVESTING ACTIVITIES
					Cash flows from financing activities
-	-	-	-	-	Other receipts - financing
-	-	-	-	-	NET CASH PROVIDED IN FINANCING ACTIVITIES
1,358,758	1,759,706	1,465,530	1,329,376	1,080,626	Net increase/(decrease) in cash and cash equivalents
9,180,720	10,539,478	12,299,185	13,764,715	15,094,091	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD
10,539,478	12,299,185	13,764,715	15,094,091	16,174,717	CASH AND CASH EQUIVALENTS AT END OF PERIOD

Schedule of reserves

For the 2015-25 Long Term Plan periods ending 30 June	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Asset Revaluation reserve					
Opening Balance	2,924,325	2,924,325	2,924,325	2,924,325	2,924,325
Increase /(decrease) in reserve throughout the year (operational transfer)	-	-	-	-	-
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	2,924,325	2,924,325	2,924,325	2,924,325	2,924,325
Financial assets at fair value					
Opening Balance	16,430	16,430	16,430	16,430	16,430
Increase /(decrease) in reserve throughout the year (operational transfer)	-	-	-	-	-
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	16,430	16,430	16,430	16,430	16,430
Land Management reserve					
Opening Balance	1,328,791	1,054,291	779,791	505,291	505,291
Increase /(decrease) in reserve throughout the year (operational transfer)	(274,500)	(274,500)	(274,500)	-	-
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	1,054,291	779,791	505,291	505,291	505,291
Awanui River reserve					
Opening Balance	(427,430)	(1,073,731)	(1,060,488)	(1,050,390)	(963,244)
Increase /(decrease) in reserve throughout the year (operational transfer)	113,694	75,238	73,099	150,147	145,965
Increase /(decrease) in reserve throughout the year (capital transfer)	(759,995)	(61,995)	(63,001)	(63,001)	(63,001)
Closing Balance	(1,073,731)	(1,060,488)	(1,050,390)	(963,244)	(880,280)
Kaihu River reserve					
Opening Balance	51,523	47,889	42,328	34,730	24,974
Increase /(decrease) in reserve throughout the year (operational transfer)	(3,634)	(5,561)	(7,598)	(9,756)	(12,109)
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	47,889	42,328	34,730	24,974	12,865

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Asset Revaluation reserve
2,924,325	2,924,325	2,924,325	2,924,325	2,924,325	Opening Balance
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
2,924,325	2,924,325	2,924,325	2,924,325	2,924,325	Closing Balance
					Financial assets at fair value
16,430	16,430	16,430	16,430	16,430	Opening Balance
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
16,430	16,430	16,430	16,430	16,430	Closing Balance
					Land Management reserve
505,291	505,291	505,291	505,291	505,291	Opening Balance
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
505,291	505,291	505,291	505,291	505,291	Closing Balance
					Awanui River reserve
(880,280)	(819,226)	(760,106)	(710,157)	(672,124)	Opening Balance
129,370	127,436	118,265	113,076	107,784	Increase /(decrease) in reserve throughout the year (operational transfer)
(68,316)	(68,316)	(68,316)	(75,043)	(75,043)	Increase /(decrease) in reserve throughout the year (capital transfer)
(819,226)	(760,106)	(710,157)	(672,124)	(639,383)	Closing Balance
					Kaihu River reserve
12,865	-	-	-	-	Opening Balance
(12,865)	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
-	-	-	-	-	Closing Balance

For the 2015-25 Long Term Plan periods ending 30 June	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Whangaroa-Kaeo Rivers Reserve					
Opening Balance	(174,522)	(127,473)	(101,142)	(52,956)	(33,103)
Increase /(decrease) in reserve throughout the year (operational transfer)	47,049	26,331	48,186	19,853	33,103
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	(127,473)	(101,142)	(52,956)	(33,103)	-
Whangarei Urban River Reserve					
Opening Balance	(8,634,564)	(9,198,561)	(8,885,521)	(8,551,135)	(8,203,008)
Increase /(decrease) in reserve throughout the year (operational transfer)	978,028	313,040	334,386	348,127	356,161
Increase /(decrease) in reserve throughout the year (capital transfer)	(1,542,025)	-	-	-	-
Closing Balance	(9,198,561)	(8,885,521)	(8,551,135)	(8,203,008)	(7,846,847)
Kerikeri Waipapa Rivers Reserve					
Opening Balance	169,854	(1,662,658)	(1,518,713)	(1,360,852)	(1,187,840)
Increase /(decrease) in reserve throughout the year (operational transfer)	197,488	143,945	157,861	173,012	183,607
Increase /(decrease) in reserve throughout the year (capital transfer)	(2,030,000)	-	-	-	-
Closing Balance	(1,662,658)	(1,518,713)	(1,360,852)	(1,187,840)	(1,004,233)
Infrastructure Facilities Reserve					
Opening Balance	(1,197,258)	(1,117,108)	(1,036,958)	(956,808)	(876,658)
Increase /(decrease) in reserve throughout the year (operational transfer)	80,150	80,150	80,150	80,150	80,150
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	(1,117,108)	(1,036,958)	(956,808)	(876,658)	(796,508)
Recreational Facilities Reserve					
Opening Balance	(3,265,745)	(2,249,603)	(1,156,909)	-	-
Increase /(decrease) in reserve throughout the year (operational transfer)	1,016,142	1,092,694	1,156,909	-	-
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	(2,249,603)	(1,156,909)	-	-	-

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Whangaroa-Kaeo Rivers Reserve
-	-	-	-	-	Opening Balance
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
-	-	-	-	-	Closing Balance
					Whangarei Urban River Reserve
(7,846,847)	(7,449,904)	(7,030,394)	(6,587,091)	(6,122,533)	Opening Balance
396,943	419,510	443,303	464,558	464,255	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
(7,449,904)	(7,030,394)	(6,587,091)	(6,122,533)	(5,658,278)	Closing Balance
					Kerikeri Waipapa Rivers Reserve
(1,004,233)	(809,137)	(602,115)	(382,451)	(149,387)	Opening Balance
195,096	207,022	219,664	233,064	149,387	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
(809,137)	(602,115)	(382,451)	(149,387)	-	Closing Balance
					Infrastructure Facilities Reserve
(796,508)	(716,358)	(636,208)	(556,058)	(475,908)	Opening Balance
80,150	80,150	80,150	80,150	80,150	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
(716,358)	(636,208)	(556,058)	(475,908)	(395,758)	Closing Balance
					Recreational Facilities Reserve
-	-	-	-	-	Opening Balance
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
-	-	-	-	-	Closing Balance

For the 2015-25 Long Term Plan periods ending 30 June	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Property Reinvestment Fund Reserve					
Opening Balance	9,335,297	9,335,297	9,335,297	9,335,297	9,335,297
Increase /(decrease) in reserve throughout the year (operational transfer)	-	-	-	-	-
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	9,335,297	9,335,297	9,335,297	9,335,297	9,335,297
Equalisation fund Reserve					
Opening Balance	1,607,744	1,581,424	1,217,698	904,397	582,103
Increase /(decrease) in reserve throughout the year (operational transfer)	(26,320)	(363,726)	(313,301)	(322,294)	(330,504)
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	1,581,424	1,217,698	904,397	582,103	251,599
Hatea River Reserve					
Opening Balance	151,310	155,968	159,608	162,145	163,499
Increase /(decrease) in reserve throughout the year (operational transfer)	4,658	3,640	2,537	1,354	33
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	155,968	159,608	162,145	163,499	163,532
Investment and Growth Reserve					
Opening Balance	3,362,583	2,783,023	2,611,037	2,653,173	3,308,849
Increase /(decrease) in reserve throughout the year (operational transfer)	(607,602)	(198,124)	34,832	697,055	678,669
Increase /(decrease) in reserve throughout the year (capital transfer)	28,042	26,138	7,304	(41,379)	769,968
Closing Balance	2,783,023	2,611,037	2,653,173	3,308,849	4,757,486
Kaitaia Bus Reserve					
Opening Balance	13,927	16,290	17,200	16,535	13,845
Increase /(decrease) in reserve throughout the year (operational transfer)	2,363	910	(665)	(2,690)	(4,581)
Increase /(decrease) in reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance	16,290	17,200	16,535	13,845	9,264
Total special reserves closing balance as at 30 June	(454,952)	403,228	1,639,427	2,670,005	4,507,466

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Property Reinvestment Fund Reserve
9,335,297	9,335,297	9,335,297	9,335,297	9,335,297	Opening Balance
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
9,335,297	9,335,297	9,335,297	9,335,297	9,335,297	Closing Balance
					Equalisation fund Reserve
251,599	(52,180)	211,031	124,263	74,913	Opening Balance
(303,779)	263,211	(86,768)	(49,350)	(50,969)	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
(52,180)	211,031	124,263	74,913	23,944	Closing Balance
					Hatea River Reserve
163,532	162,178	159,247	154,547	147,972	Opening Balance
(1,354)	(2,931)	(4,700)	(6,575)	(8,518)	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
162,178	159,247	154,547	147,972	139,454	Closing Balance
					Investment and Growth Reserve
4,757,486	5,401,787	6,002,664	6,569,607	7,098,373	Opening Balance
622,890	600,877	566,943	528,766	518,492	Increase /(decrease) in reserve throughout the year (operational transfer)
21,411	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
5,401,787	6,002,664	6,569,607	7,098,373	7,616,865	Closing Balance
					Kaitaia Bus Reserve
9,264	2,693	-	-	-	Opening Balance
(6,571)	(2,693)	-	-	-	Increase /(decrease) in reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(decrease) in reserve throughout the year (capital transfer)
2,693	-	-	-	-	Closing Balance
5,560,441	7,184,707	8,453,248	9,741,894	10,927,432	Total special reserves closing balance as at 30 June

Equity represents the total value of the council and its assets (ratepayer's assets) and is measured by the difference between total assets and liabilities. Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses of accumulated surpluses.

The components of equity are:

- Retained earnings
- Council created reserves
- Asset revaluation reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves can be used to account for revenue and expenditure collected or incurred in relation to specific work programmes. Where council sets and collects a targeted rate for a specific purpose, the funds can only be applied to that purpose, keeping track of surpluses and deficits of these work programmes in a reserve ensures council is accountable and transparent.

Where reserves carry a deficit balance, they are deemed to have undertaken internal borrowing from council's consolidated funds. Conversely, where the reserves carry a surplus, they are deemed to have loaned money to council's consolidated funds.

Information about council reserve funds held for a specific purpose is provided in the following table:

Reserve name:	Purpose:	Activities that may be funded from reserve:
Land Management Reserve	This reserve was created to set aside Land Management Rates collected but not fully used in any given year. Council is proposing to utilise this reserve to fund operating activities that would ordinarily be funded from the Land Management Rate. Utilising this reserve in this manner enables council keep rates affordable while continuing to provide positive operational outcomes. In the three years from 2015/16 to 2017/18 council is proposing to use $275,000 annually as follows: • $125k towards the Environment Fund • $20K towards hydrology webcams • $100K towards Land elevation surveys • $30k towards increased soil monitoring and ecological surveys The use of the reserve will be reviewed at the end of the 2017/18 financial year. While the reserve maintains a positive balance it can continue to be used used to fund emergency events such as remedial storm expenditure on a case-by-case basis. The Chief Executive Officer has delegation to incur expenditure of up to $500,000 to enable the council to fund agreed expenditure from this reserve. The criteria for acceptable expenditure are as follows: 1. Matching of government and district contributions to provide financial assistance for repair work for significant events; 2. Restoration work affecting one or more rivers, following a major flooding event; 3. Urgent work to reduce the immediate flood risk; 4. Storm damage repairs within a special rating area under the relevant Flood Management Plans.	Civil defence and emergency management, natural hazard management, river management, land and biodiversity, biosecurity

Reserve name:	Purpose:	Activities that may be funded from reserve:
Priority Rivers Reserve	This reserve was created to account for an accelerated or advance spending on the Priority Rivers Project.	Natural hazard management
Awanui River Scheme Reserve	This reserve was created to hold any Targeted Awanui River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Awanui River Flood Management Scheme.	River management
Kaeo-Whangaroa River Scheme Reserve	This reserve was created to hold any Targeted Kaeo-Whangaroa River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaeo-Whangaroa River Flood Management Scheme.	River management
Kaihū River Scheme Reserve	This reserve was created to hold any Targeted Kaihū River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaihū River Flood Management Scheme.	River management
Kerikeri-Waipapa River Scheme Reserve	This reserve was created to hold any Targeted Kerikeri-Waipapa River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kerikeri-Waipapa River Flood Management Scheme.	River management
Whāngārei Urban Rivers Scheme Reserve	This reserve is to be created to hold any Targeted Whāngārei Urban Rivers Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whāngārei Urban Rivers Management Scheme.	River management
Hātea River Maintenance	This reserve was created to set aside a component of the council services rate specifically levied across the Whāngārei constituency to ensure funding is immediately available in the event dredging of the Hātea river is required. The funds may be applied to the following: 1. Ongoing maintenance and dredging; 2. Disposal of dredged spoil material; 3. The provision of an annual hydrographic survey of the river. The reserve is to be maintained at a targeted fund of up to $400,000.	Harbour safety and navigation
Kaitaia Bus Reserve	This reserve is to be created to hold any targeted Kaitāia transport rates collected and unspent in any given year to cover any future funding shortfalls of Kaitāia bus service.	Transport
Recreational Facilities Reserve	This reserve was established to set aside any targeted regional recreational facilities rates collected and not fully used in any given year for the purpose of funding the Events Centre. This reserve represents the internal borrowing associated with $13M contribution made by council towards the establishment of the Northland Events Centre. The rate was levied from 1 July 2006 and it is expected to continue for approximately 15 years.	Economic development

Reserve name:	Purpose:	Activities that may be funded from reserve:
Property Reinvestment Fund Reserve	This reserve was established to hold the proceeds of a commercial property sales and acquisitions and includes the proceeds of aspecial dividend (capital) payment made by the Marsden Maritime Holdings Limited. The funds are general funds and are set aside to be reinvested in income producing assets. The funds are currently invested in managed funds. A separate Statement of Investment Policies and Objectives will be developed for council approval to provide policy parametres arund the investment of this reserve funds.	All
Investment and Growth Reserve	The reserve was created to set aside the investment income redirected to be made available for activities and projects that contribute towards economic well-being. Council will allocate monies from the reserve to projects in accordance with set criteria.	Economic development
Infrastructure Facilities Reserve	This reserve was created to set aside any targeted infrastructure rates collected and not fully used in any given year for the purpose of funding future infrastructure projects.	Economic development
Equalisation Reserve	This reserve was created to set aside 50% of council's forestry net income arising in any harvesting year. This reserve is intended to provide future funding of council's general operating activities by allowing council to use these funds for any council activity to smooth future rating increases. It is further intended that this fund be used to fund the cost of forestry operations in non-harvesting years. Where a high degree of uncertainty exists around activity expenditure requirements, council has agreed to budget conservatively on the basis that if a budget overrun eventuates, these overruns can be funded from the Forest Equalisation Reserve. Council considers that funding contingent expenditure and one-off spikes in expenditure from this reserve to be fairer on ratepayers as it can be used to reduce the effects of rates increases that are not required to be sustained.	All
Environment Fund Reserve	This reserve was created to set aside any rates revenue collected specifically for the Environment Fund that is not incurred in any single financial year. This fund allows council to make available any unspent funds in subsequent financial years.	Land and biodiversity
Asset revaluation reserves	Asset revaluation reserves represent the unrealised gains in the value of assets owned by Northland Regional Council.	All
Approved carry forwards	Approved carry forwards are amounts approved to be carried forward from one financial year to the next to enable specific work programmes to be completed. All carry forwards are approved by way of council resolution.	All

All reserves displaying a deficit balance at 1July 2015 have an associated targeted rate that will generate income over a certain time period in order to return the reserve to a credit balance.

Community Investment Fund

The Community Investment Fund closing balance at 30 June 2015 is forecasted at $11,381,852.

Community Investment Fund	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Forecasted opening balance	11,381,852	12,164,852	13,000,852	13,977,852	14,345,852
Interest earnt on funds	783,000	836,000	977,000	1,048,000	1,077,000
Transfer of Investment income to the Investment and Growth reserve	-	-	-	(680,000)	(680,000)
Forecasted closing balance	12,164,852	13,000,852	13,977,852	14,345,852	14,742,852

Investment and Growth Reserve

Forecasted closing Investment and Growth Reserve balance at 30 June 2015 is $3,362,583.

Investment and Growth Reserve	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Forecasted opening balance	3,362,583	2,783,024	2,611,037	2,653,172	3,308,848
Northland Regional Council Investment Income transferred to reserve	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Community Investment Fund Investment Income transferred to Reserve	-	-	-	680,000	680,000
Payment to Northland Inc. Limited as operational funding	(1,069,005)	(1,094,020)	(1,120,745)	(1,209,501)	(1,180,609)
Payment to Northland Inc. Limited for tourism	(101,810)	(104,192)	(106,738)	(109,476)	(112,439)
Payment to fund feasibility studies	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Payment to fund regional promotion	(410,000)	(419,594)	(429,832)	(440,879)	(452,827)
Payments to fund projects	(687,000)	(250,000)	-	-	-
Payments to independent investment advisor	(17,073)	(18,247)	(19,501)	(20,967)	(21,519)
Interest earnt on reserve and other deposits	205,328	214,067	218,951	256,500	1,036,031
Forecasted closing balance	2,783,024	2,611,037	2,653,172	3,308,848	4,757,485

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	Community Investment Fund
14,742,852	15,172,852	15,639,852	16,144,852	16,694,852	Forecasted opening balance
1,107,000	1,139,000	1,175,000	1,212,000	1,254,000	Interest earnt on funds
(677,000)	(672,000)	(670,000)	(662,000)	(685,000)	Transfer of Investment income to the Investment and Growth reserve
15,172,852	15,639,852	16,144,852	16,694,852	17,263,852	Forecasted closing balance

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	Investment and Growth Reserve
4,757,485	5,401,787	6,002,663	6,569,606	7,098,373	Forecasted opening balance
1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	Northland Regional Council Investment Income transferred to reserve
677,000	672,000	670,000	662,000	685,000	Community Investment Fund Investment Income transferred to Reserve
(1,214,283)	(1,250,629)	(1,289,861)	(1,332,194)	(1,375,916)	Payment to Northland Inc. Limited as operational funding
(115,646)	(119,108)	(122,844)	(126,876)	(131,040)	Payment to Northland Inc. Limited for tourism
(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	Payment to fund feasibility studies
(465,732)	(479,658)	(494,719)	(510,946)	(527,705)	Payment to fund regional promotion
-	-	-	-	-	Payments to fund projects
(22,114)	(22,759)	(23,460)	(24,217)	(25,042)	Payments to independent investment advisor
285,077	301,030	327,827	361,000	393,195	Interest earnt on reserve and other deposits
5,401,787	6,002,663	6,569,606	7,098,373	7,616,865	Forecasted closing balance

Capital expenditure

The intended capital expenditure for the life of the 2015-2025 Long Term Plan is:

For the 2015-25 Long Term Plan periods ending 30 June	Annual Plan 2014-15 $	Year 1 2015-16 $	Year 2 2016-17 $	Year 3 2017-18 $	Year 4 2018-19 $	Year 5 2019-20 $
Resource Management						
Plant and equipment	124,975	285,614	98,506	8,427	10,818	13,352
Transport						
Plant and equipment	96,901	210,213	309,074	105,866	94,120	89,013
Hazard Management						
Plant and equipment	-	-	-	-	-	-
River Management						
Plant and equipment	94,490	294,921	103,123	64,257	43,273	66,760
Infrastructural assets	5,637,056	4,332,020	61,995	63,001	63,001	63,001
Support Services						
Information systems	315,000	540,000	215,481	252,815	259,641	250,350
Plant and equipment	202,049	154,780	209,181	52,670	59,501	61,197
Vehicles	424,000	319,000	363,239	336,033	345,106	354,941
TOTAL NORTHLAND REGIONAL COUNCIL CAPITAL EXPENDITURE	6,894,471	6,136,548	1,360,599	883,068	875,460	898,615

Year 6 2020-21 $	Year 7 2021-22 $	Year 8 2022-23 $	Year 9 2023-24 $	Year 10 2024-25 $	For the 2015-25 Long Term Plan periods ending 30 June
					Resource Management
11,462	65,043	67,222	12,660	13,113	Plant and equipment
					Transport
209,747	88,696	83,111	231,674	52,452	Plant and equipment
					Hazard Management
-	-	-	-	-	Plant and equipment
					River Management
52,723	113,530	91,667	64,565	52,452	Plant and equipment
68,316	68,316	68,316	75,043	75,043	Infrastructural assets
					Support Services
372,502	437,565	281,112	291,175	445,843	Information systems
86,249	66,817	61,111	69,629	100,315	Plant and equipment
405,740	377,252	389,890	403,848	464,201	Vehicles
1,206,739	1,217,219	1,042,429	1,148,594	1,203,419	TOTAL NORTHLAND REGIONAL COUNCIL CAPITAL EXPENDITURE

Financial prudence

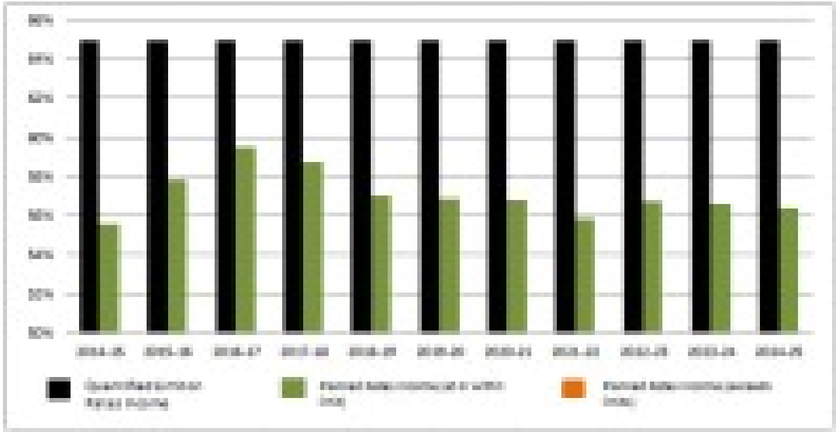
The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

RATES AFFORDABILITY BENCHMARKS

Rates income affordability

The following graph compares the council's planned rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is no more than 65% of total revenue.

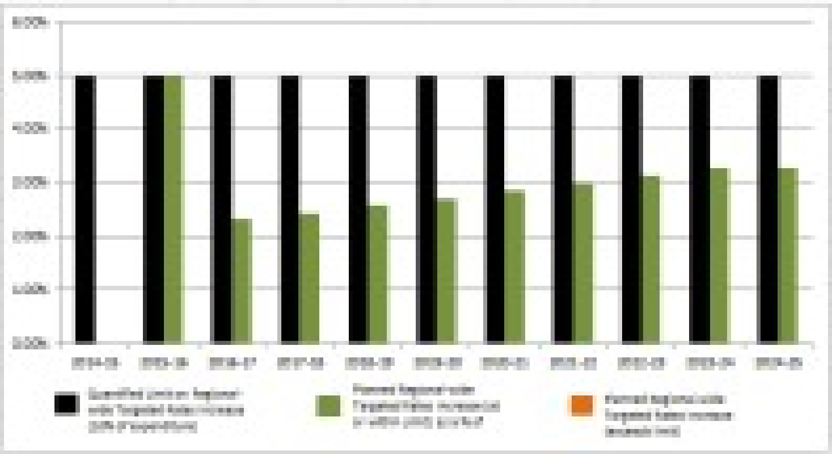
Rates income affordability



Rates increases affordability

The following graph compares the council's planned regional-wide targeted rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is no more than 5%.

Rates increases affordability



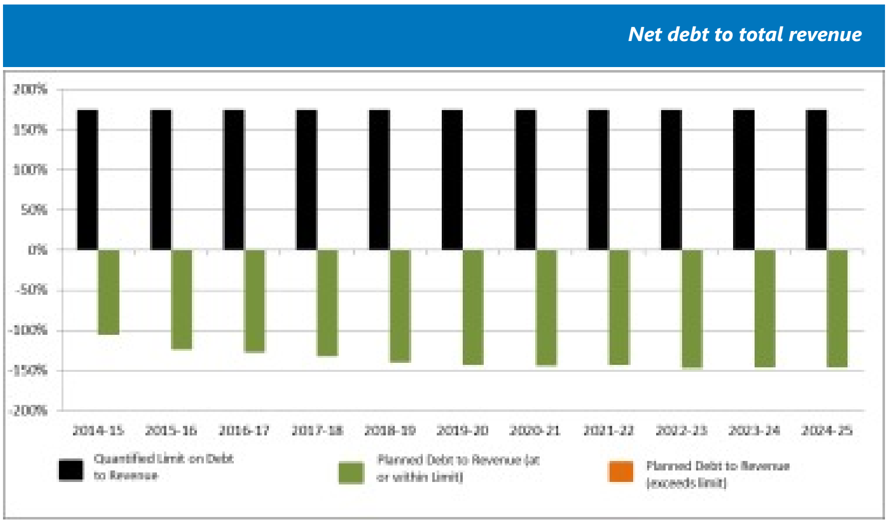
DEBT AFFORDABILITY BENCHMARKS

The following graphs compare the council's planned borrowing with quantified limits on borrowing stated in the financial strategy included in the council's long term plan.

Northland Regional Council has no external debt.

Net debt to total revenue

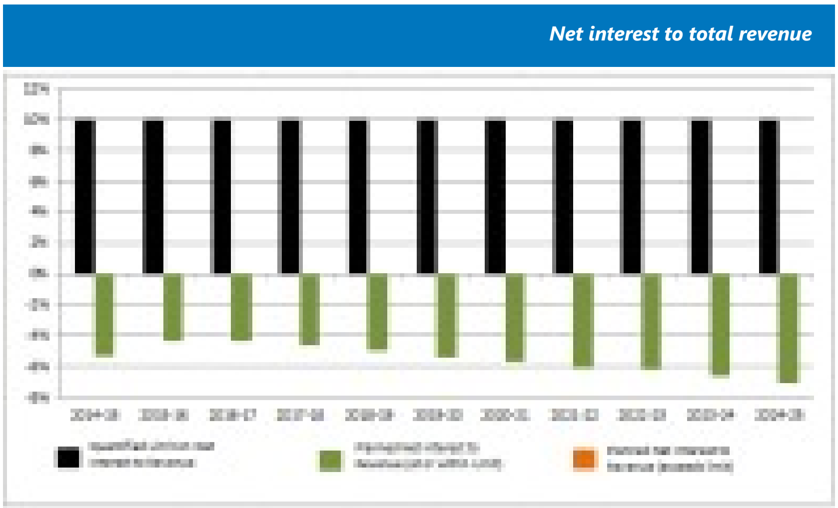
The quantified limit for net debt as a proportion of total revenue is 175%.


Net debt to total revenue

Northland Regional Council carries a significant value of investments categorised as non-current that could be liquidated if required.

Net interest to total revenue

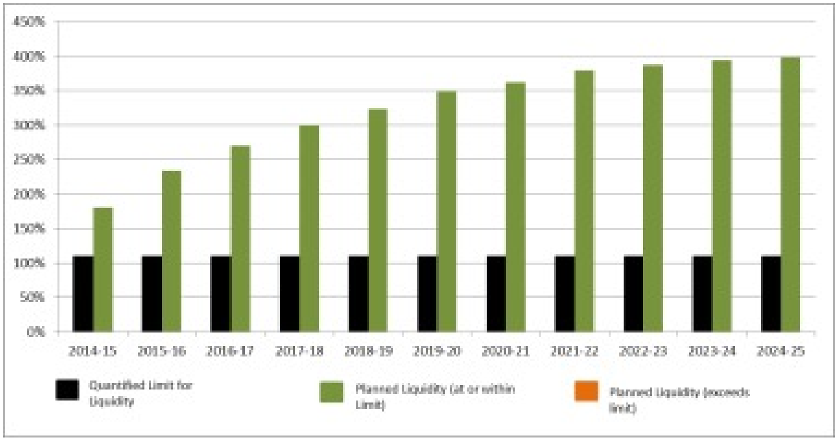
The quantified limit for Net Interest as a proportion of total revenue is 10%.


Net interest to total revenue

Liquidity

The quantified limit for liquidity is set as a minimum of 110%.

Liquidity

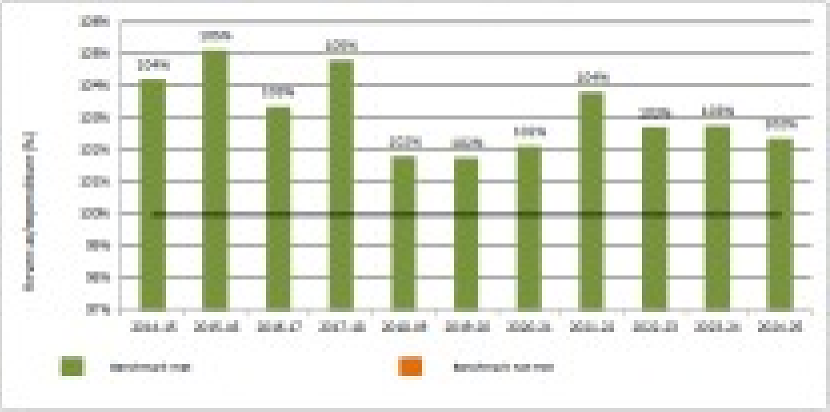


Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

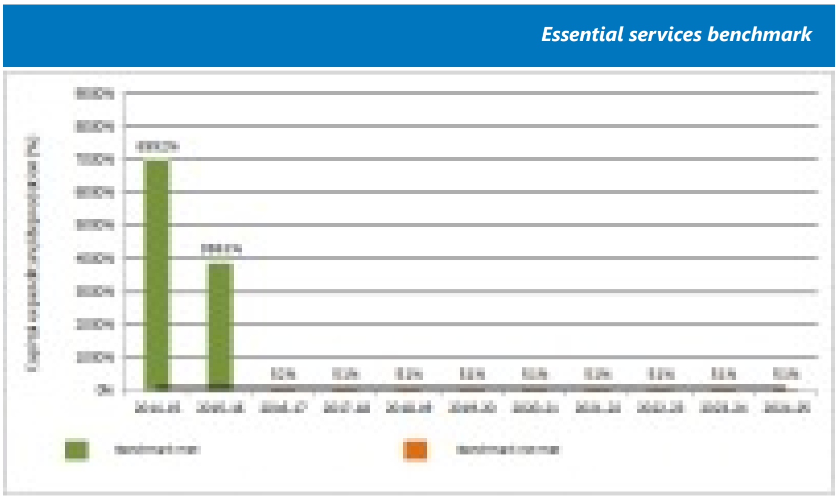
Balanced budget benchmark



Essential services benchmark

The following graph displays the council's planned capital expenditure on network services (flood protection) as a proportion of expected depreciation on network services.

The council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

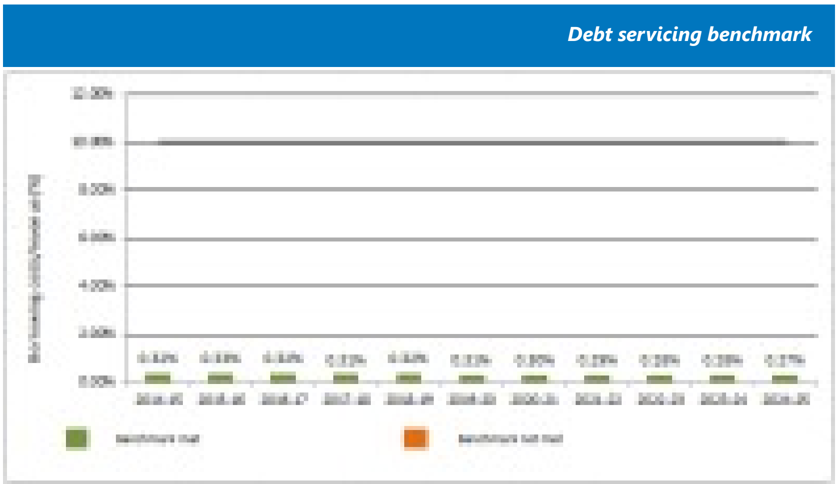


Council meets this benchmark in year 1 of the plan with the following years not meeting the benchmark. It is important to note however, that over the term of the plan $4.9m will invested in flood control and $1.3m of depreciation is expected. Based on these figures council is meeting and exceeding this benchmark over the 10 year period of the plan.

Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if it's borrowing costs equal or are less than 10% of its revenue.



SECTION FIVE: POLICIES

Statement of significant accounting policies

Statement of compliance

The prospective financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. (GAAP). GAAP comprises:

a. accounting standards issued by the External Reporting Board (XRB), or its sub-Board the New Zealand Accounting Standards Board (NZASB), pursuant to section 12(a) of the Financial Reporting Act 2013; and
b. authoritative notices issued by the XRB or the NZASB, pursuant to section 12(c) of the Financial Reporting Act 2013.

They comply with applicable Financial Reporting Standards, as appropriate for a Tier 1 Public Benefit Entity (PBE).

Reporting entity

Northland Regional Council is a local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The council's group comprises the council and its subsidiary and associate entities, namely:

- Marsden Maritime Holdings Limited (NZ) Ltd (53.61% owned) and its subsidiaries
- Northland Inc. Limited (100% owned)
- Regional Software Holdings Limited (16.75% shareholding).

All Northland Regional Council subsidiaries are incorporated and domiciled in New Zealand.

The primary objective of Northland Regional Council is to provide goods or services for the community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as Tier 1 Public Benefit Entities (based on size) for the purposes of the New Zealand External Reporting Board.

Reporting period

The prospective financial statements are prepared for the ten year period ending 30 June 2025.

Judgements and estimates

The preparation of prospective financial statements in conformity with PBE Standards, which are based on International Public Sector Accounting Standards (IPSAS) and with the Local Government (Financial Reporting and Prudence) Regulations 2014 requires judgements, estimates and assumptions concerning the future that affect the application of policies and reporting amounts of assets and liabilities and income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Where material, information on the major assumptions is provided in the significant forecasting assumptions section of this Long Term Plan or will be provided in the relevant notes to the prospective financial statements.

Basis of preparation

The prospective financial statements of Northland Regional Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand's generally accepted accounting practice (NZ GAAP).

These prospective financial statements have been prepared in accordance with NZ GAAP. They comply with NZ PBE (Tier1), IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

In the interests of transparency we provide three sets of financial information:

1. The usual Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive revenue and expense and the like; and
2. A Funding Impact Statement (FIS).
3. Long-term plan disclosure statement as required by Schedule 6 of the Local Government (Financial Reporting and Prudence) Regulations 2014.

Key differences between these three sets of information are that the GAAP regulated financial statements – as the name suggests – must adhere to GAAP requirements.

The FIS is intended to make the sources and applications of council funds more transparent to its stakeholders than might be the case if only the usual GAAP financial statements were provided. The FIS is prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014 and is required by the Local Government Act 2002.

The long-term plan disclosure statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Measurement base

The prospective financial statements have been prepared on an historical cost basis, modified by the revaluation of certain property plant and equipment, investment property, forestry assets and available for sale financial assets and financial instruments (including derivative instruments).

Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars. The functional currency of Northland Regional Council is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Revenue and Expense except when deferred in equity as qualifying cash flow hedges.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Standards, amendments and interpretations issued that have affected presentation of these prospective financial statements

The introduction of PBE IPSAS 9 Revenue from Exchange Transactions and PBE IPSAS 23 Revenue from Non-Exchange Transactions requires council to distinguish between these two types of revenue. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other party in the exchange. For non-exchange transactions these are defined as gross inflows of economic benefits or service potential received and receivable by the reporting entity, other than increases relating to contributions from owners. They are measured at the amount of the increase in net assets recognised by council.

PBE IPSAS 17 Property, Plant and Equipment prescribes the accounting treatment for property, plant and equipment.(PPE). For impairment of PPE the applicable standard depends on whether the PPE is designated to be cash generating or a non cash generating asset. PBE IPSAS 21 deals with the impairment of non-cash generating assets and PBE IPSAS 26 covers the impairment of cash generating assets. Council has determined the impairment of its assets based on these new standards.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Subsidiaries

Northland Regional Council consolidates as subsidiaries in the group financial statements all entities over which the council may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Northland Regional Council has an interest of 50% or more of council-controlled organisations or more than one-half of the voting rights on the governing body or where such policies have been irreversibly predetermined by council or where the determination of such policies is unable to materially impact on the level of potential ownership benefits that arise from the activities of the subsidiary.

The council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets and liabilities assumed. This difference reflects the goodwill to be recognised by the council. If the consideration transferred is lower than the net fair value of the council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

Associates

The council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of the surpluses only after its share of the surpluses equals the share of deficits not recognised.

When the group transacts with associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the council's parent entity prospective financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Marsden Maritime Holdings Limited is party to several joint venture arrangements. For these and council's jointly controlled operations, council recognises in its financial statements the group's share of the assets, liabilities, revenues and expenses using the proportionate consolidation method.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. This is now classified into exchange and non-exchange transactions.

Rates revenue

Rates are set annually by a resolution of council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised and brought to account when the rates are payable.

These transactions are classified as non-exchange transactions.

Other revenue

User fees and charges

User fees and charges are recognised and brought to account when invoices are issued for services provided and contracts completed. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services provided. The majority of this type of revenue is exchange transactions.

Government grants

Government grants and subsidies are recognised as revenue when the primary conditions of entitlement have been met. These are non-exchange revenue transactions. Where a transfer is subject to conditions that, if unfulfilled, require the return of transferred resources, council recognises a liability until the condition is fulfilled.

Sales of goods

Sale of goods is recognised when a product is sold to a customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividend income is recorded at the cash amount received, being net of taxation imputation credits.

Rental income

Rental income from investment property is recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives are recognised as part of the total rental revenue.

Funds collected for other organisations

Funds are collected for other organisations, including central government. Any funds held at balance date are included in current liabilities. Amounts collected on behalf of third parties are not recognised as revenue, except for the commissions or fees earned.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the council are recognised as revenue when the control over the asset is obtained.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract as at balance date. The stage of completion is measured by reference to the contract costs incurred, up to the balance date, as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general. An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred, to date, plus recognised profits less recognised losses and progress billings. If there are contracts in which progress billings exceed the aggregate costs incurred, plus profits less losses, the net amounts are presented as a liability.

Expenditure

Expenditure is recognised when goods and services have been received.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Council has elected not to adopt the allowed alternative treatment which enables borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of the asset.

Grant expenditure

Non-discretionary grants are those grants that are awarded when the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the council's decision.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Income tax

The income tax expense includes both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates (land tax laws) that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The council and group designate certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of highly probably forecast transactions (cash flow hedge).

The council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The council and group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedge accounted derivative is classified as a noncurrent asset if the remaining maturity of the hedged item is more than 12 months and as a current asset if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is only applied for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "finance costs".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly as other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired, or liability assumed, affects the surplus or deficit. However, if the council or the group, expects that all, or a portion of a loss, recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified in the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in other comprehensive revenue and expense until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised in other comprehensive revenue and expense from the period when the hedge was effective will be from other comprehensive revenue and expense to the surplus or deficit.

The accounting policies detailed above are applied.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council has transferred substantially all the risks and rewards of ownership.

Northland Regional Council classifies its financial assets into the following four categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables;
- Held-to-maturity investments; and
- Financial at fair value through other comprehensive revenue and expense.

The classification depends on the purpose for which the investments were/was acquired.

- *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated in a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values. Gains or losses on re-measurement are recognised the surplus or deficit.

Financial assets in this category include investment in quoted shares and investment of the Community Investment Fund.

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Council's loans and receivables comprise cash and cash equivalents, debtors and other receivables, and term depositions. After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Loans and receivables issued with duration of less than 12 months are recognised at their nominal value. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Prepayments comprise significant items of expenditure having a benefit to more than one accounting period and are written off over the period to which they relate.

- *Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Council does not hold any held-to-maturity investments.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- *Financial assets at fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

This category includes:

- Investments in quoted shares that have been designated in Treasury Management policy as being available for sale;
- Investments that are intended to be held long term but which may be realised before maturity; and
- Shareholdings that are held for strategic purposes.

The council's investments in its subsidiary and associate entities are not included in this category as they are held at cost (as allowed by PBE IPSAS 7 Investments in Associates and PBE IPSAS 6 Consolidated and Separate Financial Statements).

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in equity is recognised other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Included in this category are the council's investments in Local Authority stocks. Fair value for these investments is provided by ETOS and is determined by reference to published price quotations in an active market.

Impairment of financial assets

At each balance date the council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus or deficit.

- *Loans and other receivables, and held-to maturity investments*

Impairment of a loan or a receivable is established when there is objective evidence that council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rates. For debtors and other receivables, the carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock and community loans are recognised directly against the instrument's carrying amount.

- *Financial assets at fair value through other comprehensive revenue and expense*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

In a subsequent period the fair value of the debt instrument increases and the increase can be objective related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories (such as stores and materials) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, or cost adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost at net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributed to the development land are to be capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Marsden to Oakleigh rail corridor designation is made up of the costs directly attributable to securing the rail corridor designation. This inventory asset is held for distribution. The future economic benefit or service potential of this asset is not directly related to council's ability to generate future cash inflows. The value of this inventory is at cost and when applicable, will be adjusted for any loss of service potential. Council will transfer the rail corridor to KiwiRail once KiwiRail has entered into an unconditional contract for the construction of the entire Marsden Point Rail Link.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – these include land, buildings, amenities, plant and equipment, navigational aids, vehicles and vessels and dredging equipment.

Infrastructure assets – infrastructure assets are the assets that comprise the Awanui River flood management system and other river management schemes as they are developed, including stop-banks and floodgates.

Restricted assets – there are no restrictions on the assets of Northland Regional Council. Restrictions are outlined in note 23 on the assets of the Marsden Maritime Holdings Ltd.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses. As a result of the change in accounting standards PBE IPSAS 17 Property, Plant and Equipment now requires that these assets are disclosed as either cash generating assets or non-cash generating assets and impairment losses are disclosed under PBE IPSAS 26 for cash generating assets and PBE IPSAS 21 for non-cash generating assets.

Revaluation

All assets are initially recognised at cost. Those asset classes that are re-valued are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. Except for land and buildings and infrastructure assets, all other asset classes are carried at depreciated historical costs.

Land and buildings

Northland Regional Council re-values the land and buildings' asset class annually.

Infrastructure assets

Northland Regional Council re-values infrastructure assets class (River Management Schemes) every three years. Infrastructure assets are valued at depreciated replacement cost.

Infrastructure assets components include gates, pipes, outlets and stop banks. Depreciation is not provided for on stop-bank components of the infrastructure assets. An asset management plan has been prepared for this scheme and, in the absence of significant flood events, the stop-banks are not considered to deteriorate. The Awanui River flood management scheme assets are tested annually for impairment. The Awanui River flood management scheme will be revalued again in the financial year ending 30 June 2017.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, owner-occupied buildings and infrastructure assets (except for stop-banks as described under the revaluation section), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Owner occupied buildings are re-valued annually and no depreciation is charged on these assets.

The useful lives and associated depreciation and amortisation rates of major classes of assets have been estimated as follows:

Buildings	5-100 years	1-20%
Amenities	5-100 years	1-20%
Forest	10 years	10%
Plant and equipment	2-20 years	5-50%
Navigational aids	10-20 years	5-10%
Vehicles	7-8 years	12.5- 14.2%
Vessels and dredging equipment	10-25 years	4-10%
Infrastructure assets	50-80 years	1.25-2%
Computer software	4-5 years	20-25%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Land and buildings held by Northland Regional Council are re-valued annually at fair value, as determined by market-based evidence, by an independent valuer.

Capital projects in progress

Capital expenditure projects not completed by balance date are recorded at cost.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense, when incurred.

Amortisation begins when the asset is available for use, and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for major classes of intangible assets have been estimated as follows:

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets not yet available for use are recorded at cost in the capital projects in progress account. Assets that have a finite life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash-generating uses is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus and deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a re-valued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

Forestry assets

Forestry assets are independently re-valued, annually, by Chandler Fraser Keating Ltd at fair value less estimated point-of-sale costs. Fair value is the amount for which the forest asset would be expected to exchange between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties have each acted knowledgeably and without compulsion. Fair value is derived using a combination of the expectation value (or income) approach and the cost-based approach. Under the expectation value approach, the net present value is calculated by discounting to the present day the projected net cash flow of the forest in perpetuity. The calculated net present value is then linked to sales evidence through the application of a discount rate derived from the analysis of actual transactions. The cost-based approach is also employed in the valuation because the tree crop is a young, second rotation forest (80% by value are less than 10 years of age) and this approach better reflects how the market would likely view the tree crop value. A quantified description is provided to comply with PBE IPSAS 27.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point-of-sale costs, and from a change in fair value less estimated point-of-sale costs, are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included as an expense in surplus or deficit.

New Zealand Units (Forestry) – Emissions Trading scheme

Northland Regional Council has 291 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme (ETS). The implication of this for the prospective financial statements is two-fold:

- Should the land be deforested (that is, the land is changed from forestry to some other purpose), a deforestation penalty will arise; and
- As a result of the deforestation restriction, compensation units are being provided by the Government.

Compensation is to be provided to forestry owners, via the allocation of compensation units, known as New Zealand Units (NZU) in two tranches. Council received the first tranche of 6,693 units in December 2010 and received a further 10,767 NZU in January 2013.

Compensation units are recognised at deemed cost based on the fair value at the date of receipt (that is, historic value). The credits are recognised when they have been received and are recognised as income in the statement of comprehensive revenue and expense. Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit.

If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. Council's Forest Management Plan prescribes replanting will always take place subsequent to any harvest.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, council measures all investment property at fair value, as determined annually by Telfer Young (Northland) Ltd who are independent valuers, and who have recent experience in the location and category of the investment property being valued and hold a recognised and relevant professional qualification. Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Creditors and other payables

Creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short term employee entitlements

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that council anticipates it will be used by staff to cover those future absences.

Council recognises a liability and an expense for bonuses where contractually obliged, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

These estimated amounts are discounted to their present value using the 10-year government bond rate.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

Equity is the community's interest in Northland Regional Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds;
- Special reserves;
- Restricted reserves;
- Asset revaluation reserves; and
- Fair value through other comprehensive revenue and expense reserve.

Special reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the council.

Restricted reserves include the Land Management Reserve, Priority Rivers Reserve, Hātea River Reserve, Recreational Facilities Reserve, Awanui River Management Reserve, Kaihū River Management Reserve, Whāngārei Urban Rivers Reserve, Kaeo River Management Reserve, Infrastructure Facilities Reserve and Environment Fund Reserve. These reserves are restricted by law and reflect targeted rates that must be applied to the specific activities for which the rates were collected. Other reserves are established by the council and may be altered at the discretion of the council.

Goods and services tax (GST)

All items in the prospective financial statements are stated exclusive of GST, except for receivables and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Marsden Maritime Holdings Limited

The Northland regional Council owns 22,142,907 25c shares, being 53.61% of the issued capital of Marsden Maritime Holdings Limited. The shares are recorded at $7,827,563 being the deemed cost of 21.7 million shares of $5,436,650.25 under the Northland harbour Board Port Plan 1988, plus the cost of a parcel of shares acquired in May 2005, less the 652,294 shares sold in February 2009 as part of the share buyback process. The company has several subsidiaries, associate companies and joint venture interests which are detailed in the Notes to the Accounts in the council's Annual Report.

Comparative figures

The comparative figures are those approved by the council at the beginning of the year in the Long Term Plan or Annual Plan and the audited 2013/14 Annual Report. The comparative figures for the opening balances are based on the 2014/15 Annual Plan and these are adjusted based on actual events to provide a more accurate opening position. The budget figures have been prepared in accordance with PBE IPSAS standards, using accounting policies that are consistent with those adopted by the council for the preparation of the prospective financial statements.

Cost allocation

Northland Regional Council has derived the cost of service for each significant activity of the council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Inter-departmental direct costs are charged to the applicable department at the time the cost is incurred.

Indirect costs are charged to significant operating activities using appropriate cost drivers such as actual usage and staff numbers.

Financial risk management objectives and polices

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established liability management and investment policies. These policies are council approved and were included in the Long Term Plan. These policies do not allow any transactions that are speculative in nature to be entered into.

Details of the significant accounting policies and methods adopted include the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset. Financial liabilities are disclosed in the notes to the financial statements.

Financial instrument risk

Northland Regional Council has policies to manage the risk associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established borrowing and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. For council this only includes the former Northland Regional Council Community Trust fund investments. This price risk arises due to market movements in listed shares. Equity securities price risk is not managed.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Northland Regional Council's exposure to fair value interest rate risk is limited to interest-bearing investments within the portfolio.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments at variable interest rates expose Northland Regional Council and group to cash flow interest rate risk.

The policies of Northland Regional Council require a spread of investment maturity dates to limit exposure to short term interest rate movements.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has some exposure to currency risk resulting from $2M (NZD) Community Investment Fund investment in Schroder's Equity Fund. Advice was sought and followed from an independent investment advisor and when deemed appropriate a hedge was taken out to protect council against risk of adverse movements.

Marsden Maritime Holdings Limited foreign exchange risk is considered minimal so, a sensitivity analysis has not been performed.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the council and group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, local authority stock, and government bonds which give rise to credit risk.

Northland Regional Council investments are invested in accordance with the Treasury Management Policy which has a low risk profile. Investments are made with creditworthy institutions as determined by their Standard and Poor's credit rating. Investment of surplus cash is limited to Local Authority and Government Stock and approved corporate bonds and deposits with New Zealand registered banks.

Council manages its Community Investment Fund in accordance with a Statement of Investment Policies and Objectives (SIPO) that is approved by council. The SIPO ensures investment risk is managed within acceptable parameters.

Marsden Maritime Holdings Limited manages its credit exposure by only trading with recognised, credit worthy parties and by limiting the amount of funds placed with any one financial institute at any one time.

Accordingly, the group has no significant concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that Northland Regional Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the investment portfolio. The vast majority of the investment portfolio is very liquid and able to be sold on the same day.

Capital management

The council's capital is its equity (or ratepayers' funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the council to manage its revenues, expenses, assets, liabilities investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of using the council's assets and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations. Additionally, the council has in place asset management plans for major classes of assets, detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the council to make adequate and effective provision in its Long Term Plan and Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out under funding and financial policies in council's Long Term Plan.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Self-insurance reserves are built up annually from general or sometimes targeted rates and are made available for specific unforeseen events. The release of these funds is approved by council.

Prospective Financial Statements disclosures

The council publishes both parent entity and group financial statements for historical reporting purposes but does not publish group prospective financial statements. The council is required to disclose the reasons for not presenting group prospective financial statements.

The council has not prepared group prospective financial statements because:

- The primary focus of the Long Term Plan is on the activities of the council (parent) and the consequent impact on rates.
- The financial impact of transactions with group entities is reflected with the Long Term Plan for funding purposes.

Other financial policies

Financial contribution policy

The council is required, pursuant to section 102(2)(d) of the Local Government Act 2002 to adopt a policy setting out the purposes for which development or financial contributions may be required. Development contributions are not available to regional councils. Regional councils can however charge financial contributions as a condition of a resource consent under section 108 of the Resource Management Act 1991 if this is provided for in the relevant regional plan.

The term 'financial contribution' is defined in section 108(9) of the Resource Management Act 1991 to mean: "… a contribution of:

a. Money; or
b. Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Māori Land Act 1993 unless that Act provides otherwise; or
c. A combination of money and land."

Section 108(10) the Resource Management Act 1991 requires the regional council to specify in a regional plan:

- The circumstances when such contributions may be imposed.
- The purposes for which such contributions may be required and used.
- The manner in which the amount of the contribution will be determined.

The following outlines the council's policy for the use of financial contributions:

1. When the regional council grants resource consent under a rule in a regional plan, it may include a condition requiring that a financial contribution be made for the purposes specified in that plan.
2. The regional plan shall set out the matters which the regional council will have particular regard to when deciding whether to include a financial contribution and the type (or types) of contribution.
3. The appropriateness, type and the amount of financial contributions in any given circumstance is to be determined through reference to the relevant regional plan and after considering the effects of the activity, the remediation and / or mitigation offered, submissions (where relevant) and consultation with the consent applicant.
4. As required by section 111 of the Resource Management Act 1991, all moneys collected by the council under the financial contributions provisions of a regional plan are to be used in reasonable accordance with the purposes set out in the relevant regional plan and for which the money was received.
5. These plans and the provisions and methodology for calculating financial contributions are available for public inspection at council offices.

Council considers the use of financial contributions is an appropriate tool that should be available through the consent process to ensure effects of activities are appropriately managed. Financial contributions can benefit consent applicants, affected parties and / or the environment. They also provide flexibility over how impacts of use and development are addressed through consent conditions.

Financial contributions may be required for various purposes, including to ensure that positive effects on the environment arise to mitigate and/or offset adverse effects of an activity. Financial contributions can be applied where other conditions will not adequately address adverse effects or where the circumstances of an individual application point clearly to a financial contribution as the most appropriate option.

Council considers that the detail on the circumstances when contributions may be charged and the purpose, type and level of contributions is to be established in the relevant regional plan because:

- This is a requirement of Section 108(10) of the RMA
- It allows the purpose, type and level of contribution to be related to particular circumstances, resources and/or activities.
- They should be in the same document as the applicable provisions/rules.
- It provides an opportunity for consultation and input through the Schedule 1 process when changing the financial contribution provisions in a plan.

There are three operative regional plans for Northland, all of which contain financial contributions provisions:

- The Regional Air Quality Plan (Section 14.2)
- The Regional Coastal Plan (Section 34.2)
- The Regional Water and Soil Plan (Section 38.2).

These plans have been reviewed and council is in the process of developing one new regional plan to replace all three operative plans. The formal public submissions process is anticipated to start in mid-2017.

Revenue and financing policy

Overview

This policy covers the council's funding of operating and capital expenditure and the sources of those funds – in other words, how the council pays for what it does.

The Local Government Act 2002 requires the council to adopt a Revenue and Financing Policy. The council must manage its finances prudently and in a manner that promotes the current and future interests of the community.

Generally, the council must ensure it has a "balanced budget". This means that the council's operating revenue should cover its operating expenses. However, a council may choose to plan for a budgeted deficit provided it takes into account the impact on levels of service, the equitable allocation of responsibility for funding the provision and maintenance of assets and services and its funding and financial policies.

To create its funding policy, the council has considered looking at:

- The community outcomes to which the activity primarily contributes.
- The distribution of benefits between the community as a whole, any identifiable parts of the community and individuals.
- The period in or over which those benefits are expected to occur.
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- The costs and benefits, including consequences for transparency and accountability of funding any activity distinctly from other activities.
- The overall impact of any allocation of liability for revenue needs on the community.

The list of activities and the funding mechanisms used for each activity are included in **table one** below. An explanation of the terminology used provided follows on from the table.

Revenue and financing sources for the council activities

The funding sources and indicative funding allocation for each council activity are below. There are seven primary groups for the activities that the council carries out. Each group has a number of activities. The descriptions, objectives, cost and performance targets of each activity are presented in this plan.

Funding of operating expenses

The council sets it long-term revenue to fund its ongoing operation and asset maintenance programme as outlined in this policy. The sources of funding used depend on the council's analysis of individual activities and are outlined in **table one**. The funding for council's activities usually comes from three sources:

- Targeted region wide rates (council services rate and land management rate)/general funds (includes investment revenue and use of land management and equalisation reserve funds)
- Targeted rates
- Fees and subsidies.

Table one: List of activities and funding mechanism used

Group of activities	Activity	Sub-activities	Targeted region-wide rates/general funds	Targeted rates	Fees and charges/ subsidy
Community representation and engagement	Community representation and engagement	Community representation and engagement	Full		
		Environmental education	Majority		Residual (fees and charges)
		Community projects – e.g. NEST and Surf lifesaving and non-contestable funding	Residual	Majority	
Resource and catchment management	Consents	Consent applications	Residual		Majority (fees and charges)
		Consents advice and information	Full		
	Monitoring	State of the Environment monitoring	Full		
		Compliance monitoring, environmental incidents response and waste management and contaminated sites	Residual		Majority (licence and enforcement fees)
	Land and biodiversity	Land and biodiversity	Majority		Residual (fees and charges and subsidies)
	Planning and policy	Planning and policy	Full		
	Biosecurity	Biosecurity	Majority	Residual	Residual (fees and charges and subsidies for specific projects)
River management	River management	River management	Residual	Majority	Residual (fees and charges and subsidies in exceptional circumstance)
		Hydrology	Majority		Residual (fees and charges)
Hazard Management	Civil Defence and Emergency Management	Civil Defence and Emergency Management	Majority		Residual (fees and charges and subsidies)
	Natural hazard management	Natural hazard management	Majority		Residual (subsidies in exceptional circumstances)
	Oil pollution response	Oil pollution response	Residual		Majority (fees and charges and subsidies)
Economic	Economic development	Economic development activities	Full		
		Projects	Residual	Majority	
		Infrastructure		Full	
		Commercial investments	Majority		Residual (fees and charges)
Transport	Transport	Regional transport management	Majority		Residual (Subsidies)
		Passenger transport administration	Residual	Residual	Majority (fees and charges and subsidies)

Group of activities	Activity	Sub-activities	Targeted region-wide rates/general funds	Targeted rates	Fees and charges/ subsidy
	Harbour safety and navigation	Harbour safety and navigation	Residual		Majority (fees and charges)
Support services (1)	Māori engagement		Majority		Residual (fees and charges)
	Communication				
	Finance				
	Human resources and health and safety				
	Information management				
	Information technology				

Explanation of notations made in the table

Full means that all, or almost all, of the cost of the activity is funded from that particular source. If the comment is made in the '**Targeted region-wide rates** /general funding' column it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the total funding.

Subsidy means that a portion of the activity is funded from a government subsidy.

Majority means the majority of the service is funded from this source. When used in the fees and charges column it reflects the view that the services should be recovered from users but that legislation imposes some constraints which may mean that full recovery is not possible.

Residual indicates that a portion of funds comes from this source. It reflects that in some circumstances there are constraints on council charges, or that the alternative revenue source may include enforcement revenue which is imposed to achieve compliance and may not always cover the costs of enforcement.

Licence and enforcement fees can be charged for some services. Licence fees may be set by the council or by regulation, and may not always cover the full costs of the service. Enforcement fees are charged to achieve compliance and do not necessarily meet the full costs of the enforcement activity.

How funding mechanisms are selected

Section 103(1) of the Local Government Act 2002 requires council to state policies in respect of the funding of operating and capital expenditure from the sources listed in section 103(2) of the Act. These sources are:

- General rates, including uniform annual general charges (UAGC)
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Any other source.

The council's general philosophies for applying sources of revenue to fund expenditure are as follows:

Funding of operating expenses

Targeted region-wide rates

Targeted region wide-rates (made up of the targeted land management rate and the targeted council services rate) are used to fund public goods where it is impossible or impractical to clearly identify customers or users, or to fully recover costs from users or exacerbators. Council uses these two rates instead of having general rates.

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1 Support services are allocated to activities based on relevant cost drivers. Support services provide corporate wide services to the council.

Targeted region-wide rates are also used to fund those activities that council considers to provide a public benefit or public good. For reasons of fairness and equity, targeted region-wide rates are considered to be the most appropriate way in which to fund these activities.

Council typically funds "public goods" from targeted region-wide rates as the benefit is wider than just specific users and there is no practical method for charging individual users.

These targeted region-wide rates fund a range of services which are used by individual ratepayers to varying extents. Rates are regarded as a tax which funds the collective community benefit rather than any form of proxy for use of a service.

The targeted land management rate is applied to land based activities or activities which have a relationship to land. The targeted council services rate is applied to all other non-land based council activities.

Council analysis indicates that there is no significant difference in incidence between multiple targeted rates and a differentiated general rate. Council has elected to use the targeted land management rate and targeted council services rate as it considers these to be a more equitable approach than setting a general rate and uniform annual general charge.

The level of targeted region-wide rates is based on the funding required to provide agreed council activities after identifying the other income sources.

Investment revenue

The council uses its investment returns (dividends, interest and rent) to reduce the targeted council services rate and the targeted land management rate requirement. Accordingly, for the purposes of this revenue and financing policy, investment funds and the targeted council services rate and the targeted land management rate have been combined and are referred to as general funds.

Targeted rates

Targeted rates are also used to fund certain activities where an individual or group of individuals derive a direct or greater benefit from the provision of council activities and where it is appropriate that only this group be targeted to pay for some or all of a particular service, targeted river management rates are an example. Targeted rates may be also be set by council when it considers the rating valuation system used in setting the targeted rate provides a more acceptable alignment to the expenditure to be funded, in comparison either of the targeted region wide-rates, or where the council considers separate, targeted rating provides greater transparency and accountability to the ratepayer.

Fees and charges

User charges are direct charges to people and/or groups who use certain council services or if the actions or inactions of identified individuals or groups give rise to the need to undertake a particular activity. In these instances, a benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service.

Fees and charges are set on the basis of either recovering the full cost of the service, the marginal cost added by users, or a rate that the market will reasonably pay. The market rate becomes an issue to limit the potential for charging. It applies in circumstances where the council believes that a charge set too high will reduce use and therefore diminish the value of the service to the community and impose a greater cost on ratepayers.

Fees and charges are set in accordance with council's fees and charges policy.

Interest, dividends, rent and other investments revenue

Council receives revenue from its investments (rent, interest earned, dividends) of approximately $7.1 million (forecast in 2015/16). Historically net investment revenue has been deemed to be a general funding source and has been applied to subsidise targeted region-wide rates. A portion of investment revenue is now being diverted from a general funding source to be applied to its investment and growth reserve to fund activities that contribute to economic development. This started in July 2011. It was originally intended that over a ten year period all of council's investment revenue would be transitioned to fund economic development activities. Since July 2014 council has transferred $1.7 million of its investment revenue to the investment and growth reserve. Council is concerned with rates affordability and with this in mind is now proposing to limit the annual transfer to this amount over the coming 10-year term.

This means there will continue to be net investment revenue available for general funds to be applied to reduce the rate requirement.

Council also holds the community investment fund. The income earned from this fund is also applied to fund economic development activities. Council intends to maintain the real value of the capital of the community investment fund for the first three years by capitalising the total income of the fund and thereafter by increasing the capital amount of the fund by the level of inflation forecast for each year. In the later years the balance of the revenue earned from the fund will applied to the investment and growth reserve and be available to fund activities falling within the economic group of activities as described above.

Borrowing

The council may use borrowing, including internal borrowing, to bring forward or accelerate operating expenditure. The council will fund operating expenses from borrowing only when it is prudent to do so and subsequent to special resolution by the council. Borrowing may be from the council funds and reserves or borrowing may be external. A cost of borrowing charge will be applied to all borrowing. The cost of borrowing and repayment of borrowing is to be funded from the same funding sources available to fund the specified activity.

Proceeds from asset sales

Proceeds from assets sales will be used to provide funding for the acquisition of assets of a similar nature. Where the council considers it financially prudent to do so, it may by special resolution of council, elect to use the proceeds of asset sales to fund operating expenditure.

The retention of strategic and investment assets and the application of investment returns (operating) to promote economic well-being, provides inter-generational equity. Unless council resolves otherwise, proceeds from the sale of investment assets will be set aside for further reinvestment.

Financial contributions

Financial contributions will be applied in accordance with the financial contributions policy.

Grants and subsidies

Central Government and other third party agencies provide various grants and subsidies for specified activities and projects. Where appropriate, the council seeks to take advantage of such funds.

Other funding sources

Use of surpluses from previous financial periods

Where the council has recorded an actual surplus in one financial period, it may pass this benefit on to ratepayers in a subsequent financial period. A surplus arises from the recognition of additional income or savings in expenditure. The council considers that passing this benefit on to ratepayers promotes equity, in that any financial benefit is passed on to those ratepayers in the financial period that the surplus was generated.

The amount of any surplus carried forward from previous financial periods will be accounted for as an operating deficit in the year the benefit is passed onto ratepayers. A surplus will be available for use in future financial periods if the actual surplus/(deficit) is improved when compared to budgeted surplus/(deficit). In calculating the level of surplus to be carried forward, consideration will be given to the nature of the factors giving rise to the surplus, for example whether the surplus is cash or non-cash, and after taking into account appropriate movements to and from reserves. Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward. The council will not carry forward surpluses in relation to the:

- Sale of assets. Asset proceeds shall be used to fund further capital expenditure, unless the council resolves otherwise.
- Revenue received for capital purposes. Such surplus shall be retained to fund associated capital expenditure.
- Unrealised gains arising from fair value adjustments to assets and liabilities. These gains are unrealised accounting adjustments in the period in which they are recognised.

Reserves and special funds

Reserve funds may be applied to fund expenditure for specific purposes. In some circumstances the reserves are a legal requirement and the council may establish additional reserves as and when required.

Where the council collects targeted rates, these monies are only able to be spent on specified expenditure. Any funding surplus or deficit resulting from activities funded by way of targeted rates is set aside in a specified reserve to be utilised or repaid in subsequent financial years. Transfers may be made only for specified purposes or when specified conditions are met.

Subject to meeting any specified conditions associated with these reserves, the council may expend money, of an operating or capital nature from these reserves.

Funding of capital expenditure

Capital expenditure is generally funded from the same sources available to fund operational expenditure. While debt or internal borrowing may sometimes be used to provide the immediate funding needed to acquire an asset, repayment of the debt will be made from the same sources as operating expenditure.

Capital expenditure is funded from depreciation, general funds, targeted rates and borrowing as outlined below:

- If the capital expenditure relates to the replacement of an existing asset, that expenditure will be funded out of rates charged to recover depreciation. If accumulated cash surpluses arising from the funding of depreciation are insufficient, then reserves or borrowing may be used to provide funding. Funding of depreciation and repayment of borrowing comes from targeted region wide rates, investment revenue, targeted rates and user fees and charges, as applicable to each specific project.
- If the capital expenditure relates the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure may be funded from internal or external borrowings and repaid from applicable funding sources over an agreed period of time. Borrowing is a cost effective and

equitable means to fund capital expenditure as it spreads the cost of the asset over an extended period, such as the life of the asset, making it affordable to ratepayers today and spreading the incidence of cost over those who benefit from the asset.

- Where the council considers it financially prudent to do so the council may repay the borrowings on an asset at a faster rate than over the full life of the asset.
- On the basis of financial prudence and where the council considers it appropriate to do so, council may impose a targeted rate to fund capital expenditure or repay the borrowings on an asset at a faster rate than over the full life of the asset.
- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis.
- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.

If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.

Funding sources and factors considered

Table Two below shows a summary of the funding sources for each activity and the consideration of the factors under Section 101(3) of the Local Government Act 2002 when determining the appropriate funding sources. In addition to the factors listed the council also considered the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities. For several activities it was considered appropriate to identify different funding sources at a sub-activity level where identified beneficiaries were able to pay fees and charges for the services delivered e.g. consent applications, passenger transport and monitoring compliance.

Table two: Funding sources and factors considered

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Community Representation and Engagement	Community Representation and Engagement	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	The community and council benefit from the community's contribution towards the council's decision-making process and involvement in council decisions.	The benefits of community representation and council/public partnership are ongoing in both the immediate and long term.
	Environmental Education	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland is promoted effectively.	The community benefit from the opportunity to learn about and participate in the sustainable use, development and protection of the region's resources.	The benefits of environmental education are on-going, but there is immediate benefit to the recipients.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the costs and benefits of distinct funding for the activity
Community Representation and Engagement	Community Representation and Engagement	Need is created by the entire community for knowledge of and involvement in council decisions. Need is created by legislation – the Local Government Act requires councils to work with Government departments, Māori and the community to make and implement key decisions.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property, plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Full **Capital expenditure** As above.	Community representation and engagement is considered to be a public good. The operational costs should be allocated from general funding as the contribution of the public to the decision making process is valuable as it ensures public expectations are known and considered and promotes public accountability of council. This funding source is deemed to be the most efficient and equitable.
	Environmental Education	Need is created by the entire community for knowledge of and involvement in council decisions.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fees/Subsidy **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Majority F/S – Residual **Capital expenditure** TRW/GF – Full	Environmental education is considered to be a public good. The wider community benefits the early engagement with our children on environmental matters. While some individuals (children and schools) may derive private benefit, the cost of providing this activity by imposing user charges on the recipients would potentially make the programme unaffordable for the direct recipients. Given the wider public good element, having the majority of this programme funded from general funding is deemed to be the most efficient and equitable.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Community Representation and Engagement	Community Projects – e.g. NEST and Surf Lifesaving and non-contestable funding	• Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	Individuals and the community benefit from access to potentially lifesaving emergency and rescue services. Individuals and the community benefit from projects and community initiatives being funded that might not be viable without the funding.	The benefits of these services accrue both in the immediate and long-term.
Consents	Consent Applications	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	RMA and building (dams) consent holders directly benefit from gaining compliance and holding consent. The regional community benefits as they gain assurance that activities requiring consent are in accordance with regional policies and the Resource Management Act.	The benefits of these services accrue both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the costs and benefits of distinct funding for the activity
Community Representation and Engagement	Community Projects – e.g. NEST and Surf Lifesaving and non-contestable funding	Need is created by the community in their desire to have access to potentially lifesaving and death preventing emergency and rescue services and the on-going provision of other community projects.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Targeted Rates (TR) **Level of capital expenditure required** Nil	**Operating expenditure** TRW/GF - Residual T/R – Majority **Capital expenditure** N/A	The funding of organisations involved in lifesaving activities in the region is deemed to be a public good and the wider community benefits from reduced risk to loss of life and having a safer region. To provide transparency to the ratepayers council has deemed it appropriate to set a specific targeted rate. The funding of community organisations via the non-contestable funding process is deemed to be a public good and the wider community benefits. Given the reasonably small quantum of funding, it was deem appropriate use general funding source. The selected funding sources are deemed to be the most transparent and equitable.
Consents	Consent Applications	Need is created by applicants seeking consent under the Resource Management Act 1991 and the Building Act 2004. Need is created by the entire community for structure, consistency and certainty.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) fee/subsidy (F/S) **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF - Residual F/S – Majority **Capital expenditure** TRW/GF - Full	Processing resource consent applications is considered to be largely private good, with an element of public benefit. The allocation of costs to those who benefit from the services, or those who cause such costs is beneficial to the community because the community does not have to bear such costs. Capital costs are minor and as they do not directly relate to individual consent applications are funded from general funds for efficiency reasons. The selected funding sources used are deemed to be the most transparent and equitable for the consent applicants and wider ratepayers.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Consents	Consents Advice and Information	- Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	Resource users benefit from guidance on regulation, appropriate use and development of resources. The regional community benefit from informed participation and decision making, sustainable use, development and protection of the region's resources, information and education.	The benefits of these services accrue both in the immediate and long term.
Monitoring	State of the Environment Monitoring	- Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	The regional community benefits from improved knowledge and management of the regional environment.	The benefits of these services accrue both in the immediate and long term.
	Compliance Monitoring, Environmental Incidents Response and Waste Management and Contaminated Sites	- Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	The local and regional community benefit from environmental protection via the monitoring and enforcement and clean up action carried out by the council.	The benefits of these services accrue both in the immediate and long term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the costs and benefits of distinct funding for the activity
Consents	Consents Advice and Information	Need is created by individuals who may require information and advice on the lawfulness of intended, proposed or existing activities.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Full **Capital expenditure** TRW/GF - Full	The provision of consents advice and information is considered to be a public and private good. The public good is served by informed participation ease of transacting and engaging with council. Private good exists were advice relates to applications where individuals derive a direct benefit. The council has a policy of charging for advice beyond the first half hour. The selected funding sources used are deemed to be the most transparent and equitable for the consent applicants and wider ratepayers.
Monitoring	State of the Environment Monitoring	Need is created by the community requiring information to enable community participation and informed decision-making.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Full **Capital expenditure** TRW/GF – Full	State of the environment monitoring is largely a public good. The regional community benefits from improved knowledge and management of the regional environment development charges. The selected funding source is deemed to be the most transparent and equitable.
	Compliance Monitoring, Environmental Incidents Response and Waste Management and Contaminated Sites	Need is created by individuals who have consents those who actions or inactions risk or harm the environment.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/subsidy **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Residual F/S – Majority (License and Enforcement fees) **Capital expenditure** TRW/GF – Full	Compliance monitoring, environmental incidents response and waste management and contaminated sites is required as a result of the actions or inactions of individuals and therefore is mostly a private good, however compliance provides public benefit. The allocation of costs to those who benefit from the services or those who cause such costs (through the use of fees and charges) is beneficial to the community because the community does not have to bear such costs. Fees and charges are efficient and transparent method of passing costs to those who benefit or create the need.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Land and Biodiversity	Land and Biodiversity	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	Individuals and the community benefit improved image, retention/enhancement of productive values of land and reduction in adverse effects and enhancement of priority ecosystems/natural resources (improved water quality, reduced runoff and sedimentation and reduced frequency of flooding).	The benefits of these services accrue both in the immediate and long term.
Planning and Policy	Planning and Policy	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	The entire community benefits from integrated Regional Policies and Plans which provide for the sustainable management of Northland's resources.	The benefits of these services accrue both in the immediate and long term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
Land and Biodiversity	Land and Biodiversity	Need is created by individuals and the community who undertake practices which may compromise the environment or who wish to foster and enhance the environment.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/Subsidy **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Majority F/S – Residual **Capital expenditure** TRW/GF – Full	The provision of land biodiversity activity is considered to be a public good; however there can be an element of private benefit, where environment funds and activities are provided to individuals or group of individuals. Beneficiaries of the environment fund must also provide a significant contribution towards the projects. The wider community benefits from collective and individual sustainable environmental behaviour. The selected funding source is deemed to be the most efficient and equitable.
Planning and Policy	Planning and Policy	Need is created by the entire community in the desire to have a well-structured and effective region.	**Operating expenditure** Targeted region-wede/general funds (TRW/GF) **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Full **Capital expenditure** TRW/GF – Full	Planning and policy is a public good. The regional community benefits from the sustainable use, development and protection of the regions resources. The selected funding source is deemed to be the most efficient and equitable.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Biosecurity	Biosecurity	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.	The regional community benefits from the containment and where practicable reduction in the distribution and density of pest plants within Northland.	The benefits of these services accrue both in the immediate and long term.
River Management	River Management	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	The community benefits from the reduction in damage to infrastructure and improved access (less road closures). Individual land owners benefit from the reduction in property damage and primary projection losses.	The benefits of these services accrue both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
Biosecurity	Biosecurity	Need is created by the community who benefit from the active control of animal and plant pests and the protection of our region's unique ecosystems.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Targeted rates Fee/Subsidy **Level of capital expenditure required** Capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Full F/S – Residual. T/R residual **Capital expenditure** TRW/GF – Full	The provision of biosecurity activities is considered to be largely a public good, with an element of private benefit, where pest control is provided to individuals and/or groups of individuals. The wider community benefits from collective and individual responsibility towards pest management strategies and the contribution towards the environment and the economy through pest reduction and increased land productivity. At the Whāngārei Heads' community request, council has agreed to establish a targeted rate to funding the ongoing pest management work undertaken in that area. The selected funding sources are deemed to be the most efficient and equitable. The targeted rate established in the Whāngārei Heads area was considered to be a cost effective and transparent way of continuing pest management activities undertaken at the request of the wider community after general funding allocations and associated work were exhausted.
River Management	River Management	Need is created by the public and individuals who require flood risk reduction when living or undertaking developments in at risk areas. Need is created by the community who benefit from reduced incidence of damaging floods in Northland.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/Subsidy Targeted rates **Level of capital expenditure required** River asset infrastructure is undertaken as part of this activity.	**Operating expenditure** TRW/GF – Residual F/S – Residual T/R – Majority **Capital expenditure** T/R – Full	River management works are considered to be a private and public good. Where specific works are carried out, these works provide a greater benefit to identifiable individuals and groups of individuals. The use of targeted rates for each river scheme promotes accountability and affordability as residents and business weigh up the costs of flood protection works against the level of risk. Council recognises it may not be realistic or cost effective to precisely identify either direct beneficiaries on the flood plain or indirect beneficiaries in the economic catchment and proxies will need to be used. It will not always be feasible for council to recoup costs from some types of beneficiaries. Exception: Should the cost of collecting a separate targeted rate on small schemes exceed the benefits, then those works will be funded from the general funds. Capital infrastructure for this activity, including any interest and capital repayments, where infrastructure is debt funded, should be funded from separate targeted rates. The selected funding source is deemed to be the most transparent, efficient and equitable.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
River Management	Hydrology	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	Individuals and the community benefits from early notification of rainfall in significant rivers and management of Northland's water resources.	The benefits of these services accrue both in the immediate and long-term.
Civil defence and emergency management	Civil defence and emergency management	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	The regional and national community benefits from the maintenance of a response capability and from planning for major emergency services.	The benefits of these services accrue both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
River Management	Hydrology	Need is created by the community who benefit from the response capability and advanced warning provided by the rain gauge systems and the desire to have our water resource sustainably managed.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/Subsidy **Level of capital expenditure required** Capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Majority F/S – Residual **Capital expenditure** TRW/GF – Full	Hydrology activity is a primarily a public good. Hydrology monitors and reports on water quantity (rainfall, groundwater, surface water, rivers and lakes). Where hydrology activities provide direct benefit to individuals and groups of individuals, there is an element of private good. Fees and charges are levied for compliance related activities. There is community-wide benefit from monitoring and understanding our various water resources and information. The selected funding sources are deemed to be the most efficient and equitable.
Civil Defence and Emergency Management	Civil Defence and Emergency Management	Need is created by the community who benefit from the response capability and advanced warning provided in emergency events.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/Subsidy **Level of capital expenditure required** Minor capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Majority F/S – Residual **Capital expenditure** TRW/GF – Full	Civil defence and emergency response is a public good and benefits all individuals and landowners during emergency events. The maintenance of a response capability and planning for major emergency events benefit the regional and national community. The selected funding source is deemed to be the most efficient and equitable.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Natural Hazard Management	Natural Hazard Management	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	Individuals and the community benefit from reduced risk to property, projection losses and loss of life.	The benefits of these services accrue both in the immediate and long-term.
Oil Pollution Response	Oil Pollution Response	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	The regional and wider community benefit from clean seas and coastal environment. Commercial shipping benefit from a spill response system and the availability of resources for clean-up of spills.	The benefits of these services accrue both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
Hazard Management	Hazard Management	Need is created by the environment which is subject to natural hazards and by individuals and the communities who live or plan development in as risk areas.	Operating expenditure Targeted region-wide/general funds (TRW/GF) Fee/Subsidy Level of capital expenditure required Capital expenditure may be required to for minor river works and to provide supporting property plant and equipment to carry out this activity.	Operating expenditure TRW/GF – Majority F/S – Residual Capital expenditure TRW/GF – Full	Hazard management is primarily a public good. Where hazard management activities provide direct benefit to individuals and groups of individuals, there is an element of private good. . There is community wide benefit arising from hazard management activities which includes, hazard identification and risk reduction analysis throughout the region. The selected funding source is deemed to be the most efficient and equitable.
Oil Pollution Response	Oil Pollution Response	Need is created by fuel tankers visiting Marsden point Oil Refinery which constitutes a major oil spill risk. Need is created by the local commercial tourism service and fishing fleets, as well as the substantial recreational vessel fleet using the region's coastal waters and associated refuelling facilities.	Operating expenditure Targeted region-wide/general funds (TRW/GF) Fee/Subsidy Level of capital expenditure required Capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	Operating expenditure TRW/GF – Residual F/S – Majority Capital expenditure TRW/GF Full	The community benefits from actions taken to minimise the effect of any oil spill on the Northland coastal environment. Funding is provided primarily though general funds and subsidy funding. Where evidence permits, council will seek to charge the exacerbator, however it is not always feasible or cost effective to do so. The selected funding source is deemed to be the most efficient and equitable.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Economic Development	Economic Development Activities	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	The regional community benefits from improved economic activity, employment and income opportunities. Individuals and individual businesses will benefit directly from specific initiatives. The tourism sector benefits from sector support and promotion.	The benefits of these services accrue both in the immediate and long-term.
	Projects	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	The regional community benefits from improved economic activity, employment and income opportunities. Individuals and individual businesses will benefit directly from specific initiatives.	The benefits of these services accrue both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
Economic Development	Economic Development Activities	Need is created by the community in their desire to attract economic development and business to the region to improve regional wealth.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF (Investment and Growth Reserve) Income from Community Investment Fund **Level of capital expenditure required** Capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Majority Income from Community Investment Fund – Residual **Capital expenditure** TRW/GF Full	Economic development activities have both public and private benefit. The entire economy derives benefit from an improved economic climate and the flow-on effect of increased economic growth. Individual's or individual businesses derive direct benefit from increased economic opportunities. In recognition of the benefit attributable to all Northlanders, this activity is to be funded from a mix of general funds and targeted rates. Targeted rates may be set to provide transparency and accountability of the provision of specific activities. The selected funding source is deemed to be the most efficient and equitable.
	Projects	Need is created by the community in their desire to attract business to the region, improve regional wealth.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF (Investment and Growth Reserve) Targeted rate **Level of capital expenditure required** Capital expenditure may relate to specific economic development projects.	**Operating expenditure** TRW/GF residual TR – Majority **Capital expenditure** TR Full	Economic development projects have both public and private benefit. The public derives benefit from an improved economic climate and the flow-on effect of increased economic growth. To ensure transparency and accountability council intends to fund economic development projects (such as the Event Centre and Marsden Point Rail Link) from targeted rates. The selected funding source is deemed to be the most transparent and equitable.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Economic Development	Infrastructure	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	The regional community benefits from improved infrastructure and economic activity. Individuals and individual businesses will benefit from direct use of the infrastructure.	The benefits of these services accrue both in the immediate and long-term.
	Commercial Investments	• Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	The regional community benefits from direct investment income generated from commercial investments as this revenue is applied to fund council operations, including economic development. The community also benefits from any wider economic development gains that may accrue from particular investment and commercial decisions.	The benefits this activity accrues both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
Economic Development	Infrastructure	Need is created by the community in their desire for regional infrastructure.	**Operating expenditure** Targeted rates **Level of capital expenditure required** Capital expenditure may relate to specific economic development projects.	**Operating expenditure** TR - Full **Capital expenditure** TR Full	Economic development projects have both public and private benefit. The public derives benefit from an improved economic climate and the flow-on effect of increased economic growth. To ensure transparency and accountability council intends to fund economic development projects (such as the Event Centre and Marsden Point Rail Link) from targeted rates. The selected funding source is deemed to be the most transparent and equitable.
	Commercial Investments	Need is created by the community in their desire for commercial investments to be prudently managed for the benefit of current and future ratepayers.	**Operating expenditure** Targeted region wide/general funds (TRW/GF) Fee/Subsidy Commercial investments provides net investment revenue funding to contribute towards targeted region-wide/general funds (TRW/GF) **Level of capital expenditure required** Capital expenditure may relate to specific commercial development projects.	**Operating expenditure** TR - Majority F/S - residual **Capital expenditure** TRW/GF Full	**Operating** The entire revenue streams and capital growth associated with investment activities is considered to be a public good. The income stream derived from Council investments and the application to general funds reduces the rating requirement and promotes affordability, providing regional wide benefit. **Capital** Investments can be tailored to achieve a mix of financial and strategic objectives. The growth of Council investments, through further investment and capital appreciation promotes intergenerational equity ensuring by assets are available for future benefit of the community.

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Transport	Regional Transport Management	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities. • Northland is promoted effectively.	The regional community benefits from the provision of an affordable, integrated, safe, responsive and sustainable transport system.	The benefits are on-going, however there is immediate benefit to the transport users.
	Passenger Transport Administration	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	The entire Whāngārei district benefits from the provision of community passenger transport services and the reduced congestion and improved road safety in Whāngārei urban areas where passenger services operate. Where public transport is provided in other areas across the region there is both community and individuals benefit. The community benefits from having individuals being able to engage in day-to-day activities. The individual benefits from being able to travel and access the community when they otherwise might not be able to do so.	The benefits of these services are immediate at the time using the service/transport.
Harbour Safety and Navigation	Harbour Safety and Navigation	• Our environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources. • Northland has strong local government leadership ensuring safe and resilient communities.	The regional community benefits from safer coastal areas for recreation and commercial and recreational users benefit from safe water transport.	The benefits of these services accrue both in the immediate and long-term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion	Rationale of the Costs and benefits of distinct funding for the activity
Transport	Regional Transport Management	Need is created by the entire community in the desire for an integrated transport network and by legislation.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/subsidy **Level of capital expenditure required** Capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Majority F/S – Residual **Capital expenditure** TRW/GF – Full	Regional transport management is a public good/service. The regional community benefits from an integrated regional transport network. This activity is to be funded by general funds and nationally funded contributions. The selected funding source is deemed to be the most fair and equitable.
	Passenger Transport Administration	Need is created the public who access the public transport services and total mobility schemes.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/subsidy Targeted rates **Level of capital expenditure required** Capital expenditure may be required to provide supporting property plant and equipment to carry out this activity.	**Operating expenditure** TRW/GF – Residual F/S – Majority TR – Residual **Capital expenditure** TRW/GF – Full	The region benefits from the provision of an passenger transport system. Each Bus Service is to be funded from a combination of central government funding (where available), user fess and charges and a targeted rate. This combination of funding promotes affordability and transparency and allows the Council is take advantage of available subsidies. Setting user fees at an affordable level is intended to encourage and promote use of the bus service. The selected funding source is deemed to be the most transparent and equitable.
Harbour Safety and Navigation	Harbour Safety and Navigation	Need is created by coastal water users, including recreational and commercial.	**Operating expenditure** Targeted region-wide/general funds (TRW/GF) Fee/Subsidy **Level of capital expenditure required** Capital expenditure is required for property plant and equipment (including cyclical renewal of vessels, vehicles and navigational aids) to carry out this activity.	**Operating expenditure** TRW/GF – Residual F/S – Majority **Capital expenditure** TRW/GF – Full	The provisions of harbour safety and navigation services provide both public and private benefits. The public, including many small vessel recreational users benefit from the provision of these services. . User charges are levied on larger vessel and coastal structure owners, who are direct beneficiaries of the services. Charges are levied in accordance with the navigation, Water Transport and Maritime Safety Bylaw and Council's Charging Policy. The application of user charges promotes transparency and accountability and reduces the rating requirement on the community.

Rating policies

Introduction

Rates are assessed under the Local government (Rating) Act 2002.

Where rates are based on value, the values assessed by Quotable Value New Zealand will apply.

The region's three district council's collect regional rates. The rating information database for each district is maintained by the relevant district council.

Rating philosophy and objectives

The Northland Regional Council reviews its rating policies annually and has targeted and differentiated rates in order to better direct rate funding to those activities suited to either fixed and/or differentiated charges.

The Revenue and Financing Policy sets out the sources of funding applied to activities undertaken by the council. Where the council considers there to be an advantage in funding the activity separately from a general funding source, such as general rates, the council may apply targeted rates. In general terms, the council may consider applying a targeted rate to better align the rating basis to the activity to be funded or where the distribution of benefits of providing particular activities is attributable to a subset of a community. The application of targeted rates promotes equity, transparency and accountability of funding decisions.

Rates collection and rates postponement and remission policies

Rates collection

The Northland Regional Council's rating resolutions will be consistent with the collection agency agreement reached with all Northland territorial authorise to collect the regional rate, in order to minimise the marginal costs of collection. The dates for payment of instalments of rates shall be resolved by the Far North District Council, the Kaipara District Council and the Whāngārei District Council.

Penalties and policies for rates relief and postponement

The rates remission and postponement policy and the policy on the application and remission of penalties of the Northland Regional Council is that of the region's three district councils who collect the rates on the council's behalf. Whilst these policies differ from council to council, it would be administratively inefficient to adopt uniform policies across the region and then require each district council to apply two sets of policies. Specific details in relation to each remission and postponement policy and application and remission of penalties can be obtained by reference to the respective district council. The intended rates relief policies for the constituent districts of the Northland region that will apply to the regional rates levied in those districts are set out in the following sections of this plan.

FAR NORTH DISTRICT

Introduction

The Local Government Act (LGA) and Local Government Rating Act 2002 require that if a council wishes to provide for the remission and/or postponement of rates, it must first introduce policies to provide for this, using the Special Consultative Procedure (SCP).

The LGA also provides that councils must adopt a Policy for the Remission and Postponement of Rates on Māori Freehold Land. The eleventh Schedule to the LGA sets out a number of matters that council must consider when adopting this policy.

This section of the plan sets out the remission and postponement policies that the Far North District Council has adopted for the period of this plan.

Background

The LGA sets out a number of policies that council can adopt, some of these are mandatory while others are optional. Included in these are:

- A Policy for the Remission and Postponement of Rates on Māori Freehold Land – this is a mandatory policy;
- A Rates Remission Policy – this is an optional policy;
- A Rates Postponement Policy – this is also an optional policy.

The existing policies were first introduced in the 2004 Long Term Council Community Plan. Since then, they have been reviewed a number of times however have remained largely unaltered.

Significant changes

Remission of rates

Council proposed a number of changes to the policy in the draft plan. The outcome of these proposals are discussed below and where required the policy has been amended to reflect the change.

Remission of charges on contiguous properties (Policy 04/06)

Council proposed to alter the basis of when and how it charges the uniform annual general charge and other charges, other than those for water, sewerage and stormwater, on contiguous lots owned by the same ratepayer. A number of submissions were received on this proposal which broadly opposed the change. For this reason, council decided not to proceed with the amendment.

Remission of rates on land owned or used by charitable or community organisations (Policy R04/04)

Council introduced a minor change of wording to clarify that "op-shops" or similar "commercial" undertakings owned by charitable and community organisations will not be eligible for remission.

Postponement of rates

No significant changes have been introduced.

Remission and postponement of rates on Māori freehold land

Council made the following changes:

The definition of qualifying land has been altered to exclude certain categories of land.

- Vacant or unoccupied land which has a residential or commercial characteristic and which is located within townships and urban settlements will no longer qualify for a remission of rates. The reason for this proposed change is that council does not consider it appropriate that land which is located in urban communities and that can easily be developed for residential or other purposes should qualify for a remission of rates.

As an example, council has previously granted rating relief on small residential lots located within urban communities. Council's view is that this is unreasonable and does not meet the purposes for which the policy was introduced.

- Vacant or unoccupied land that has a particular amenity value that can be enjoyed by the owner/owners will no longer qualify for a remission of rates. The reason for this proposed change is that there have been a number of instances where the occupiers of Māori freehold land enjoy an amenity benefit on unoccupied land.

As an example, council has previously granted rating relief on Māori freehold land where the land provides an amenity benefit to the occupiers of the land or the adjoining land. An amenity benefit includes such things as coastal views, access to the sea and/or access to roading or other facilities. Council's view is that where the land is providing an amenity benefit, it is being used and therefore does not qualify for a remission of rates.

- Council agreed to repeal the policy "Rates Postponement to Assist Forestry Development on Māori Land (Policy ML04/04)". The reason for this is that this policy has never been used and there are limited opportunities to obtain adequate security over Māori freehold land to secure the rating debt.

Policy on the remission of rates (Policy # R06)

Background

The Local Government (Rating) Act 2002 Section 85 sets out that a council may remit rates, including penalties, only if it has adopted a remission policy under Section 109 of the LGA.

The policy set out below has been prepared in accordance with the LGA. It consists of a number of policy statements each of which deal with specific rate remission requirements.

Definitions

For the purposes of this policy the following definitions apply:

Occupier – a person, persons, organisation or business entity that is using a rating unit under a formal agreement for a term of not less than 10 years.

Ratepayer – under the Local Government (Rating) Act 2002, the ratepayer is either the owner of the rating unit or a lessee under a registered lease of not less than 10 years, where the lease provides that the lessee is required to be entered into the rating information database as the ratepayer.

Policy statements

Each set of policy statements deals with a different set of remission criteria.

They have all been prepared in the following format. Firstly, a brief background will explain the reason for the policy. This will be followed by a description of the objectives to be met by the policy, then a statement of the conditions and criteria that will be used to determine applications in respect of each policy statement.

Policy statements have been developed to meet the following requirements:

- Remissions of penalties (Policy R04/01)
- Remissions of additional penalties (Policy R04/02)
- Remission of rates on land owned or used by charitable or community organisations (Policy R04/04)
- Remission of charges on properties only partly within district (Policy # R04/05)
- Remission of charges on contiguous properties (Policy 04/06)
- Remission of postponed rates (Policy R04/09)
- Remission of rates on land subject to protection for outstanding landscape, cultural, historic or ecological purposes (Policy R04/11).

Applications for remissions in excess of those provided for in the policies set out below.

Any application for a remission of rates in excess of that allowed under these policies must be made in writing to council. It must set out in detail the reasons why the application is being made outside of the policies established under the Local Government (Rating) Act 2002.

Council is under no obligation to approve any applications that do not comply with the established policies and council's decision on the matter is final.

Remissions of penalties (Policy # R04/01)

Background

From time to time council receives requests for remission of rates' penalties on the grounds of financial hardship. Council recognises the economic hardship faced by some ratepayers and has therefore adopted criteria for considering requests for remission of rates penalties.

Policy objectives

To ensure the fair and equitable collection of rates from all sectors of the community.

To provide the ability to remit penalties on rates where reasonable grounds exist.

Conditions and criteria

The penalties on rates may be remitted upon written application from the ratepayer subject to the following conditions:

1. There is evidence of a previous good record of payment, including all instalments of rates in the past two years paid on time, a reasonable reason for remission has been supplied and an honest attempt has been made to have payment delivered on time; or
2. The rating unit has a new owner who has been given insufficient notice of invoice due date; or
3. If a request is made on compassionate grounds and the granting of a remission would extend council's "goodwill"; or
4. The ratepayer has entered into a Rates Easy Pay agreement and has maintained the arrangement to clear their outstanding rates; and(2)
5. If there is no cost to council i.e. where, as an action of council's revenue recovery process, the remission of penalty results in immediate full payment of arrears.

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2 *Clarifying that successfully completing a Rates Easy Pay arrangement will result in a remission of penalties.*

Remissions of additional penalties (Policy # R04/02)

Background

Council has resolved to make additional penalties of 10% on all rates arrears outstanding at the commencement of each new financial year and at six-monthly intervals thereafter.

These additional charges may act as a disincentive to ratepayers agreeing to make formal arrangements for payment of arrears particularly when they are on limited income and/or facing business downturn.

This policy statement provides that where a ratepayer enters into a Rates Easy Pay agreement to pay outstanding arrears over an agreed period of time, no additional penalties will be charged to the ratepayer subject to their keeping to the arrangement.

Policy objectives

The fair and equitable collection of rates from all sectors of the community.

To improve the payment of rates by encouraging ratepayers to enter into formal agreements for the payment of rate arrears.

Conditions and criteria

The additional penalties on a rating unit may be remitted subject to the following conditions:

1. The ratepayer/s must enter into a Rates Easy Pay agreement to pay the outstanding arrears on the rate account over a period to be negotiated with council, but of not more than two years.
2. The current rates must be paid not later than the penalty date of each instalment.
3. In the event that the agreement is not maintained, council reserves the right to levy future additional charges.

Remission of rates on land owned or used by charitable or community organisations (Policy # R04/04)

Background

From time to time council receives applications from charitable or community organisations which are seeking rating relief for land that they own or occupy. This policy statement addresses these remissions and refers to particular organisations or classes of organisations that operate for the community good.[3]

Any remission of rates under this policy statement will not apply to rates for the supply of services such as water or sewerage, etc.

It is of note that the Local Government (Rating) Act 2002 provides for a 100% non-rateability of land owned or used by certain categories of charitable and community organisations. In addition, a 50% non-rateability is provided in respect of land owned or used by organisations for sports or any branch of the arts, except where these organisations operate a club licence under the Sale of Liquor Act.

For more details on the rateability of this type of land refer to the Local Government (Rating) Act 2002, first schedule, Parts 1 and 2.

Policy objectives

To provide a fair and equitable collection of rates from all sectors of the community.

To recognise that there is a community benefit in providing assistance through rating relief to certain charitable and community organisations.

Conditions and criteria

Council may agree to remit up to 100% of the rates payable on land owned or used by charitable or community organisations subject to the following conditions:

1. All applications must be made in writing and provide such financial and other information as council may require from time to time.
2. A 100% remission of rates will be granted on Māori reserves created under the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).
3. Land owned or used by the following organisations will receive a 50% remission of rates other than service charges:

    a. Royal NZ Plunket Society
    b. Youth Hostel Association of New Zealand, Inc.
    c. Order of St John
    d. New Zealand Scouts Association.

4. From time to time council may decide that the following land may receive a 50% remission of rates other than targeted rates for water, sewerage or other utilities and where appropriate such land will be assessed rates on the general differential:

    a. Land owned or used by such other society or association of persons, whether incorporated or not, whose object or principal object is to promote any purpose of recreation, health, education, or

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[3] *Just a wording clarification.*

    instruction for the benefit of residents or any group or groups of residents of the district.
    b. Land that is owned or used by, or in trust of any society or association or persons, to run a camping ground for the purpose of recreation, health, education or instruction, for the benefit of residents of the district.

5. Land owned or used by, or in trust for, any society or association of persons, whether incorporated or not, which is used principally to provide free family counselling, assessment and counselling for people with alcohol and drug-related problems may receive up to a 100% remission of rates, other than targeted rates for water sewerage or other utilities and where appropriate such land will be assessed rates on the general differential.
6. No remission will be given on any land in respect of which a licence under the Sale of Liquor Act is held.
7. No remission will be given on any land where any member of the society, association, administering body, or governing body receives any private pecuniary profit from any of the activities carried out on the land.
8. Land that is used for an activity which is commercial in nature, for example an "op-shop", will not qualify for rating relief under this policy.(4)

Remission of charges on properties only partly within district (Policy # R04/05)

Background

There are a small number of rating units that are on the boundary between the Far North and Whāngārei districts that incur a uniform annual charge from both councils.

The previous legislation provided that in these circumstances a pro-rata uniform annual general charge may be assessed in respect of the portion of the rating unit that falls within the Far North district.

This provision is not repeated in the new legislation therefore this policy statement has been prepared to achieve a similar effect.

For example, this policy provides that if a property is 75% within the Far North district and 25% in the Whāngārei district, it will only bear 75% of the Far North uniform annual general charge.

Policy objectives

The fair and equitable rating of all sectors of the community.

To provide a fair method of assessing the charges on rating units that are partly within the boundaries of the Far North district.

Policy statements

This policy will only apply to rating units that are situated across the boundaries of the Far North district and an adjoining district.

Conditions and criteria

Where any property is situated only partially within the district any uniform annual general charge in respect of that rating unit, will be reduced to such proportion of the whole charge as the area of that part of the property which is situated within the Far North district bears to the total area of the property.

Remission of charges on contiguous properties (Policy # R04/06)

Note: Council sought submissions on a possible change to this policy provision. After considering these, council decided not to introduce the change.

Background

This policy statement has been developed to provide for the remission of rates in situations where two or more uniform annual general charges, or other selected targeted charges, are assessed on contiguous, separately owned rating units which are being used jointly as a single property or business. In addition, the policy also provides for a limited remission of uniform charges and targeted rates to the original developer of multi-lot subdivisions, multi-unit commercial developments or multi-apartment residential complexes for the periods described below.

The circumstances where an application for a remission of charges will be considered are:

- A residential dwelling and associated garden and ancillary buildings where the property occupies a maximum of two rating units and those rating units are used jointly as a single property.
- A farm that consists of a number of separate rating units that are either contiguous or are located within a two kilometre radius.
- A commercial, retail, or industrial business that operates from more than one rating unit where those rating units are contiguous and are used jointly as a single property.
- A subdivision for the period that the individual lots continue to be in the ownership of the original developer. This provision has a maximum term of three years in respect of all charges plus a further term of three

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4 *There have been a number of applications for rating relief from charitable and not-for-profit organisations for shops that they operate as fund-raising ventures. While council may agree to grant rating relief on the administrative buildings and meeting rooms of these organisations, it does not believe that this should apply to their commercial operations. This is because it could potentially create an inequity when compared to the private sector.*

years in respect of charges excluding those that are set to fund utility services such as stormwater, wastewater and water supplies.

- A commercial development consisting of two or more separate rating units, for the period that the individual units remain vacant and continued to be in the ownership of the original developer. This provision has a maximum term of three years in respect of all charges, plus a further term of three years in respect of charges excluding those that are set to fund utility services such as stormwater, wastewater, and water supplies.
- A residential development consisting of two or more separate rating units, for the period that the individual units remain vacant and continued to be in the ownership of the original developer. This provision has a maximum term of three years in respect of all charges plus a further term of three years in respect of charges excluding those that are set to fund utility services such as stormwater, wastewater and water supplies.

Policy objectives

To enable council to act fairly and equitably with respect to the imposition of uniform charges on two or more separate rating units that are contiguous, separately owned and used jointly for a single residential or farming use.

To deal equitably with the imposition of uniform charges on two or more separate rating units that have resulted from a subdivision to facilitate the development of the district.

Conditions and criteria

Applications under this policy must be in writing, signed by the ratepayer and must comply with the conditions and criteria set out below:

1. The rating units must be contiguous, or in the case of a farm, must be situated within a radius of two kilometres from the primary property.[5]
2. The rating units must:
    a. In the case of a residential property, be owned by the same ratepayer who uses the rating units jointly as a single residential property:
        i. It should be noted that lifestyle properties do not comply with this policy;
        ii. There must be some significant development that combines the properties into one. A vacant section adjoining a residential lot does not comply;
        iii. The individual areas of the rating units concerned must not exceed the size of a typical residential lot.
    b. In the case of a farm, be owned by the same owner, or be leased for a term of not less than 10 years, to the same ratepayer who uses the rating units jointly as a single farm. The owners of each of the individual rating units must confirm in writing that their unit/s is being jointly used as a single farming operation.
    c. In the case of a subdivision, commercial or residential development, be owned by the original developer who is holding the individual rating units pending their sale or leasing to subsequent purchasers or lessees.
        i. It should be noted that this remission is limited for a term of three years for all charges and subsequently for a further three years in respect of all charges, other than those that are set for the funding of utility services such as stormwater, wastewater and water supplies.
        ii. It should be further noted that the remission under this clause does not extend to subsequent purchasers.
        iii. The term of this provision will be calculated from 1 July in the year that the rates were first remitted.
3. Council may, on written application from a ratepayer of such rating units, remit any separate uniform annual general charge levied on the rating units if it considers it to be reasonable in the circumstances to do so.
4. The applicant must provide sufficient evidence as is necessary to prove that the properties are being jointly used as a single property and council's decision on the matter is final.
5. Council may also consider reducing or cancelling any targeted charge on such rating units if it considers it to be reasonable in the circumstances to do so.
6. Council reserves the right to determine that any specific targeted charge will be excluded from this policy.

Remission of postponed rates (Policy R04/09)

Background

Council has adopted a number of policy statements which grant a postponement of rates to ratepayers under certain circumstances. A number of these contain *provisions which* allow the postponed rates to be written off, or remitted after a predetermined period, subject to the terms and conditions of the policy being complied with. This policy statement provides the power for those postponements to be remitted in accordance with the postponement policies.

Policy objectives

To remit postponed rates that have reached the predetermined age or term as provided for in the rates postponement policies.

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[5] *Clarification of the 2km rule.*

Conditions and criteria

1. The conditions that gave rise to the postponement of the rates must have been fully complied with over the term of the postponement period.
2. Subject to the conditions and criteria being complied with as set out in (1) above, council will remit the applicable postponed rates without any further applications being required from the ratepayer.
3. This policy statement will only apply to those rate postponement policy statements that provide for the rates to be remitted after a predetermined period of time.

Remission of rates on land subject to protection for outstanding landscape, cultural, historic or ecological purposes (Policy # R04/11)

Background

The Far North District Council recognises that certain rateable land within the district, both general and Māori freehold land, is protected for outstanding landscape, cultural, heritage, or ecological purposes.

In its district plan, the Far North District Council states "Council will postpone or remit rates where an area is afforded permanent legal protection through a covenant or reserves status where Council's Rates Remission Policy is met*(6)*, and "Where heritage resources are afforded permanent legal protection through means such as a covenant, an application may be made to Council for rates relief according to Council policy".*(7)*

Where the land is subject to permanent protection, council will consider applications for a remission of rates on the land as set out below.

Where the protection is for a finite period, but for a term of not less than 10 years, council has introduced a policy to provide for a postponement of rates for the period that the protection is in place.

Policy objectives

To provide for the fair and equitable collection of rates from all sectors of the community.

To recognise and/or reward the efforts of land owners who have preserved for future generations, lands that have particular outstanding landscape, cultural, historic or ecological values.

Policy statement

The Far North District Council will consider remitting the rates on land that is subject to one of the protection mechanisms set out in the conditions below.

This policy statement applies to land that is subject to permanent protection under an agreed mechanism and is not used. Where any part of the area that is protected is in use, that part will not receive any rate relief.

- Where the entire rating unit is the subject of the application, the remission of rates will apply to all rates levied on the property;
- Where part of the rating unit is being used, the used and unused parts will be separately valued and assessed as separate parts pursuant to Section 45 (3) of the Local Government Rating Act 2002. In these instances, the remission of rates will only apply to the unused part and will apply only to the land value based rates;
- It should be noted that these separate parts will not constitute separately used or inhabited parts for rating purposes and a full set of uniform annual general charge and other charges will be assessed against the part of the rating unit that is being used.

Any remissions on the land will be cancelled immediately in the event that the land ceases to be protected under the agreement.

Conditions and criteria

Council will consider remitting the rates on the land upon written application from the ratepayer, subject to the following conditions:

1. No person must actually be using the land, or the part of land that is the subject of the application, as set out below:

For the purposes of this policy, the definition of person actually using land is taken from the Local Government (Rating) Act 2002. It means a person who, alone or with others:

I. Leases the land; or

II. Does one or more of the following things on the land for profit or other benefit:

    a. Resides on the land
    b. De-pastures or maintains livestock on the land
    c. Stores anything on the land
    d. Uses the land in any other way.

Notes: Notwithstanding the above, work undertaken to preserve or enhance the features covenanted on the land, including weed control, will not impact the "unused" status of the land.

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6 Clause 12.2.5.13

7 Clause 12.5.5.14

The removal of traditional medicinal tree and plant material by iwi for personal use will not constitute actual use of the land.

2. The land must be subject to a formal protection agreement in perpetuity, as set out below and in a form acceptable to council:
    a. An open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977; or
    b. A conservation covenant under section 77 of the Reserves Act 1977; or
    c. A declaration of protected private land under section 76 of the Reserves Act 1977; or
    d. A management agreement for conservation purposes under section 38 of the Reserves Act 1977; or
    e. A covenant for conservation purposes under section 27 of the Conservation Act 1987; or
    f. A management agreement for conservation purposes under section 29 of the Conservation Act 1987; or
    g. A Māori reservation for natural, historic, or cultural conservation purposes under sections 338 to 341 of the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).
3. The part of the land for which remission of rates is sought must only be for that area protected by a legal covenant, and must have a nil or minimal value of improvements.
4. The application must be supported by a written assessment of the outstanding landscape, historic, cultural or ecological values of the land prepared by a suitably qualified person or organisation, and a management plan detailing how the values are to be maintained, restored, and/or enhanced.
5. Council, their duly authorised officers or agents, be authorised to enter and inspect the land from time to time to confirm compliance with the criteria or to request such information as is reasonably necessary to assess the application of the policy.
6. Any remission under this policy will come in to effect on 1 July in the year following the approval of the application.

Policy for the postponement of rates (Policy # P04)

Background

The Local Government (Rating) Act 2002, Section 87, sets out that a council must postpone rates, including penalties, if it has adopted a postponement policy under section 110 of the LGA and council is satisfied that the conditions and criteria set out in the policy, are met.

The Local Government (Rating) Act 2002 provides that a postponement fee based on the cost of funds together with administrative costs can be charged to the ratepayer concerned. This fee becomes part of the rate and is added to the postponed rates.

If a postponement fee is not charged, council is required to show the cost of the postponement in their accounts as paid on behalf of the ratepayer.

Council's policy is that, unless otherwise proscribed by legislation, it will charge a postponement fee which will be added to the postponed rates.

The policy set out below has been prepared in accordance with LGA. It consists of a number of policy statements, each of which deal with specific rate postponement requirements.

Definitions

For the purposes of this policy the following definitions apply:

Occupier – a person, persons, organisation, or business entity that is using a rating unit under a lease, license or other formal agreement for a term of not less than 10 years.

Ratepayer – under the Local Government (Rating) Act 2002, the ratepayer is either the owner of the rating unit or a lessee under a registered lease of not less than 10 years, and where the lease provides that the lessee is required to be entered into the rating information database as the ratepayer.

Landlocked – for the purposes of this policy, the definition of landlocked land is that set out in the Property Law Act 1952: – "Landlocked" means land to which there is no reasonable access. Reasonable access includes access from the sea and practical access across adjoining land not owned by the owner of the land concerned.

Person actually using land – for the purposes of this policy, the definition of person actually using land is taken from the Local Government (Rating) Act 2002. It means a person who, alone or with others: –

1. Leases the land; or
2. Does one or more of the following things on the land for profit or other benefit:
    a. Resides on the land
    b. De-pastures or maintains livestock on the land
    c. Stores anything on the land
    d. Uses the land in any other way.

Farmland postponement value – a value attributed to land by council's valuation service provider which is based on the value of land as farmland:

1. So as to exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial, or other non-farming use; and
2. So as to preserve uniformity and equitable relativity with comparable parcels of farmland, the valuations of which do not contain any such potential value.

Policy statements

Each set of policy statements deals with a different set of postponement criteria.

They have all been prepared in the following format. Firstly, a brief background will explain the reason for the policy. This is followed by a description of the objectives to be met by the policy, a statement of the grounds upon which the postponement will be terminated, and finally a statement of the conditions and criteria that will be used to determine applications in respect of each policy statement. Other matters may be included, where appropriate in particular policy statements

Policy statements have been developed to meet the following requirements:

- Postponement of rates on land subject to protection for outstanding landscape, cultural, historic, or ecological purposes, (Policy p04/01)
- Postponement of rates on unusable land (Policy P04/02)
- Postponement of rates on landlocked general title land (Policy P04/03)
- Transitional policy for the postponement of rates on farmland (Policy P06/04)
- Postponement of rates on residential land (Policy P04/05).

Conditions and criteria applicable to all postponement policy statements

1. All applications must be made in writing and signed by the owner(s) or trustees of the land.
2. The owner must agree to a statutory land charge being entered on the certificate of title.
3. As provided for in the legislation, a postponement fee will be calculated added to the postponed rates.
4. The basis of calculating the postponement fee is included in each year's funding impact statement.(8)

In the event that a rating unit ceases to qualify for a postponement of rates but, in terms of the relevant policy statement is not required to repay any accumulated postponed rates held against the rating unit, the policy will continue to apply in respect of any fees and charges that continue to be applied pursuant to the policy.

Note:
For the sake of clarity, this provision has been included to ensure that the ratepayer is not required to commence paying any fees and charges that may be applied each year and provides that these can continue to be postponed until the later of either:

- The total postponed rates are repayable by the ratepayer, or
- The total postponed rates are remitted in accordance with the provisions of the policy.

Postponement of rates on land subject to protection for outstanding landscape, cultural, historic or ecological purposes (Policy # P04/01)

Background

The Far North District Council recognises that certain rateable land within the district, both general and Māori freehold land, is protected for outstanding landscape, cultural, historical or ecological purposes.

In its district plan, the Far North District Council states *"Council will postpone or remit rates where an area is afforded permanent legal protection through a covenant or reserves status where Council's Rates Remission Policy is met*(9) *and "Where heritage resources are afforded permanent legal protection through means such as a covenant, an application may be made to Council for rates relief according to Council policy".*(10)

Where the land is subject to permanent protection, council will consider applications for a remission of rates on the land as set out in the remissions policy.

Where the protection is for a finite period, but for a term of not less than 10 years, council has introduced a policy to provide for a postponement of rates for the period that the protection is in place.

This policy statement applies to land that is subject to a finite term of protection, but for a term of not less than 10 years.

This policy provides that council will postpone rates, for a period of 10 years and then will remit those rates on land which complies with the criteria set out in this policy.

This policy applies to land which is subject to protection under an agreed mechanism and is not used. Where any part of the area that is protected is in use, that part will not receive any rate relief.

Where the entire rating unit is the subject of the application, the postponement of rates will apply to all rates assessed on the property.

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8 To clarify how the postponement fee will be calculated.

9 Clause 12.2.5.13

10 Clause 12.5.5.14

Where part of the rating unit is being used, the used and unused parts will be separately valued and assessed as separate parts pursuant to Section 45 (3) of the Local Government Rating Act 2002. In these instances, the postponement of rates will only apply to the unused part and will apply only to the land value based rates.

It should be noted that these separate parts will not constitute separately used or inhabited parts for rating purposes and a full set of uniform annual general charge and other charges will be assessed against the part of the rating unit that is being used.

The rates postponement will cease to apply and the postponed rates will be repayable if the covenant conditions, and/or the management plan objectives are not upheld.*(11)*

Policy objectives

To provide for the fair and equitable collection of rates from all sectors of the community.

To recognise and/or reward the efforts of landowners that have preserved for future generations, lands that have particular outstanding landscape, historical, ecological, or cultural values.

Conditions and criteria

The rates on the subject land will be postponed upon written application from the ratepayer, subject to the following conditions:

1. No person must actually be using the land, or the part of land that is the subject of the application, as set out below:
   For the purposes of this Policy, the definition of person actually using land is taken from the Local Government (Rating) Act 2002. It means a person who, alone or with others: –

    a. Leases the land; or
    b. Does one or more of the following things on the land for profit or other benefit:

        i. Resides on the land
        ii. De-pastures or maintains livestock on the land
        iii. Stores anything on the land
        iv. Uses the land in any other way.

Notes:

- Notwithstanding the above, work undertaken to preserve or enhance the features covenanted on the land, including weed control, will not impact the "unused" status of the land.
- The removal of traditional medicinal tree and plant material by tangata whenua for personal use will not constitute actual use of the land).

2. The land must be subject to a formal protection agreement, as set out below and in a form acceptable to council, for a finite period of not less than 10 years:

    a. An open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977; or
    b. A conservation covenant under section 77 of the Reserves Act 1977; or
    c. A declaration of protected private land under section 76 of the Reserves Act 1977; or
    d. A management agreement for conservation purposes under section 38 of the Reserves Act 1977; or
    e. A covenant for conservation purposes under section 27 of the Conservation Act 1987; or
    f. A management agreement for conservation purposes under section 29 of the Conservation Act 1987; or
    g. A Māori reservation for outstanding landscape, historic, cultural, or ecological purposes under [sections 338 to 341 of the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)] (this includes covenants registered with Nga Whenua Rahui).

3. The part of the land for which postponement of rates is sought must only be that area protected by a legal covenant, and must have a nil or minimal value of improvements.
4. The application must be supported by a written assessment of the outstanding landscape, historic, cultural or ecological value of the land, prepared by a suitably qualified person or organisation, and a management plan detailing how the values are to be maintained, restored and/or enhanced (council may be able to assist with this process).
5. That council, their duly authorised officers or agents, be authorised to enter and inspect the land from time to time to confirm compliance with the criteria or to request such information as is reasonably necessary to assess the compliance with the policy.
6. Any postponement under this policy will come in to effect on 1 July in the year following the approval of the application.

Termination and repayment of postponed rates

1. The repayment of postponed rates will not be required merely because of a change of ownership of the land provided that the land continues to comply with the criteria.

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11 Minor wording changes.

2. Council will not seek repayment of postponed rates where future postponement is revoked due to council changing its criteria for postponement.
3. At the conclusion of the 10-year term, the rates for the first year of the covenant period will be remitted together with all charges for that year. In subsequent years, an additional year of the postponed rates will be remitted so that at any time there is a maximum of 10 years of postponed rates held against that rate account.
4. If, at the conclusion of the 10-year term, the owner does not renew the covenant or other agreement for a further term, the postponement will cease to apply to the land in respect of future rates. Any rates that are postponed against the land at that time will not become payable unless the land ceases to comply with the criteria as set out in five below.
5. If the land ceases to comply with the criteria set out in the covenant or other agreement, due to a change in use or action by the ratepayer(s), all postponed rates that have not been otherwise remitted, will become immediately due and payable.

Postponement of rates on unusable land (Policy # P04/02)

Background

From time to time, council is approached by the owners of land that has become unusable either for a long period of time, or in perpetuity, as a result of a natural calamity such as erosion, inundation etc.

These owners seek council's assistance by way of rating relief for the period that their land remains unusable as a result of the calamity.

Policy objectives

To provide rating relief to the owners of properties that have become unusable as a result of a natural calamity and where the loss of the property will result in financial hardship to the owner.

Conditions and criteria

All applications must be made in writing and signed by the owner(s) of the land.

1. The application must set out in detail the grounds for the application. This must describe the nature of the natural calamity that has caused the land to be unusable and must give an estimate of the time that it is expected that the land will remain in that state.
2. The application must outline the steps that the owner has taken or will take to return the land to a usable state, or if that is not possible, it must state why.
3. The application must be supported by a report from a registered engineer or other similarly qualified expert setting out the reasons why the land has become unusable.
4. The applicant will be required to sign an agreement that the rates will be immediately repayable if the land is made usable during the period of the postponement.
5. The owner must agree to a statutory land charge being entered on the certificate of title.
6. The maximum term for the postponement of rates will be five years. At the end of that period, if the land remains unusable a new application will be required.
7. If a second or subsequent application is approved, rates that have been postponed for a period of five years will be remitted.
8. As provided for in the legislation, a postponement fee will be added to the postponed rates.

Termination and repayment of postponed rates

1. The repayment of postponed rates will not be required merely because of a change of ownership of the land, provided that the land continues to comply with the criteria
2. Any rates postponed and not remitted under this policy, will become payable as soon as the land becomes usable or at the end of the postponement period, unless renewed.

Postponement of rates on landlocked general title land policy (P04/03)

Background

From time to time council is approached by the owners of general title land that is landlocked by either general title or Māori title freehold land.

These ratepayers claim that they cannot gain access to their land and they are not in a position to remedy this through actions under section 129B of the Property Law Act 1952.

This policy does not include any land that has access from the sea nor any land that has practical access across adjoining land.

This policy has been prepared to cover the exceptional circumstances and will only be applied after all other avenues for access have been explored by the owner.

Policy objectives

To enable council to act fairly and equitably with respect to the rating of landlocked general title land, in the same manner as has been provided for Māori freehold title land.

Conditions and criteria

1. The application must be made in writing and signed by the owner(s) of the land.
2. The land must be landlocked in the manner as defined above.
3. The application must include a statutory declaration that the land is not being actually used by any person, see

definition of "person actually using land" above and that there is no practical access across adjoining land.

4. The owner must provide evidence that they have taken all steps to obtain access and must show why the provisions of section 129B of the Property Law Act is not available to them.
5. The maximum term for the postponement of rates will be five years. At the end of that period, if the land remains landlocked a new application will be required.
6. If a second or subsequent application is approved, rates that have been postponed for a period of five years will be remitted.
7. The owner must agree to advise council if the status of the land changes, if access is obtained, or if any person commences to use the land.
8. The applicant will be required to sign an agreement that the rates will be immediately repayable if the land ceases to be landlocked during the period of the postponement.
9. The owner must agree to a statutory land charge being entered on the certificate of title.
10. As provided for in the legislation, a postponement fee will be added to the postponed rates.

Termination and repayment of postponed rates

1. The repayment of postponed rates will not be required merely because of a change of ownership of the land provided that the land continues to comply with the criteria.
2. Any rates postponed and not remitted under this policy will be immediately repayable if the land ceases to be landlocked during the period of the postponement.

Transitional policy for the postponement of rates on farmland (Policy # P06/04)

Background

This transitional policy statement has been prepared to address the rating of farmland that previously received a rates-postponement value pursuant to Section 22 of the Rating Valuations Act.

That section of LGA, which has now been repealed, provided for rates relief for the owners of farmland whose values were increased beyond that of other farmland in the district because of the potential use to which the land could be put for residential, commercial, industrial, or other non-farming development.

A number of properties in the Far North received these farmland postponement values because their values were significantly enhanced because of their proximity to high valued urban of coastal areas.

This transitional policy provides council with the ability to continue to provide rating relief to certain properties that were receiving a postponement of rates prior to the introduction of the Local Government (Rating) Act 2002, and that qualified after that date under policy P04/04, which has now been repealed.

This transitional policy is restricted to those farms which are owner-operated, where the owner is a natural person and/or is a company where the owners live on and operate the farm as a personal business. The policy specifically excludes those farms which are held as investment properties where the owners, corporate or otherwise, live either outside the district.*(12)*

This policy is a transitional policy which will remain in force until council so decides or until the last affected property no longer qualifies, whichever is the sooner. No further applications will be considered under this policy.

Effect of rates postponement values:

The postponed portion of the rates for any rating period shall be the amount equal to the difference between the amount of the rates for that period calculated according to the postponement value of the rating unit and the amount of the rates that would be payable for that period if the rates were calculated on the basis of its actual value.

The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by council in respect of the rating unit.

Any rates so postponed will, so long as the property continues to qualify for rates postponement, be remitted at the expiration of 10 years from the date at which the postponement was granted.

Each year a postponement fee will be added to the outstanding balance and will become part of the rates postponed on the rating unit pursuant to Section 88(3) of the Local Government Rating Act 2002.

Policy objectives

To afford rating relief to farmers who had previously been receiving this form of rating relief under the provisions of repealed legislation and/or previous versions of this policy, where council believes that it is in the interest of the district to maintain a postponement of rates to reduce the incidence of coastal development.

Conditions and criteria

1. This policy provision only applies to those rating units which previously qualified for a postponement of rates

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12 This amendment to the policy is to clarify that the provision only applies to those farms where the farmer lives on the property and manages it as their main source of revenue. It is not designed apply to properties that are held as investments by owners who live outside the district.

under policy P04/04, which was repealed on 30 June 2006, and which continues to be owned by the same ratepayer/s who owned it at that date(13).

2. Council will not accept any new applications under this policy.
3. For the purposes of this transitional policy, the definition of qualifying farmland has been revised as follows:

    a. Farmland means land which is used principally or exclusively for agricultural, horticultural, or pastoral purposes but excludes land that is used for forestry, life style, or farm park type purposes.
    b. The farming operation must provide the principal source of revenue for the owner of the land, who must be the actual operator of the farm and who must reside on the land(14) .
    c. The area of the land that is the subject of the application must be not less than 50 hectares.

4. The properties that are the subject of this policy will be identified and the rates postponement values determined by council's valuation service provider and will:

    - exclude any potential value, at the date of valuation, that the land may have for residential use or for commercial, industrial, or other non-farming use; and will
    - preserve uniformity and equitable relativity with comparable parcels of farmland, the valuations of which do not contain any such potential value

5. No objection to the amount of any rates postponement value determined under this policy will be accepted by council (other than where the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no potential value for residential use, or for commercial, industrial, or other non-farming use).
6. The postponement value will be reviewed after each triennial revaluation and the revised value will be advised to the ratepayer. At that time council will seek the advice of its valuation service provider as to whether they believe that the land continues to be actively farmed and qualifies under the terms of this policy provision. Council reserves the right to ask the owner to provide evidence showing that the land continues to operate as a farm.(15)
7. The owner must agree to a statutory land charge being entered on the certificate of title of the farmland before receiving a postponement of rates.

Termination and repayment of postponed rates

All rates that have been postponed under this policy and have not been remitted become due and payable immediately on:

1. *The land ceasing to be farmland;*
2. *The interest of the owner is passed over to, or becomes vested In, some person or other party other than;*

    a. the owner's spouse, son or daughter; or
    b. the executor or administrator of the owner's estate.

3. *Where only part of the land is disposed of then only part of the postponed rates will become immediately repayable. The amount repayable will be calculated in accordance with the following formula:*

$$\frac{A \quad x \quad C}{B}$$

Where-:

A. *is the difference between the rateable value and rates special value of the balance of the land retained by the person who was the occupier on the date on which the rates postponement value was entered on the valuation roll; and*

B. *is the difference between the rateable value and the special value of the whole of the land immediately before the date of the vesting of that interest in that other person. That special value shall be specially re-determined if, because of a general revaluation of the district in which the land is situated, the special value appearing on the valuation roll is no longer directly related to the rateable value on the date of the vesting; and*

C. *is the total amount of the rates postponed immediately before the date of vesting.In all cases the amount of the rates to be repaid will be not less than 20% of the value of the total amount of rates currently postponed.*

4. *Subject to the land continuing to qualify for the special postponement value, any rates postponed under this policy will be remitted at the expiration of 10 years from the date on which they were assessed*

Postponement of rates on residential land (Policy # P04/05)

Background

Council operates a policy provision for the postponement of rates on residential land. This policy has been designed to assist the elderly to remain in their homes by allowing them to postpone or defer their rates and for these to be paid at their death from the settlement of their estate. In general, this policy is aimed at those ratepayers who are

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13 See footnote above

14 See footnote above

15 To clarify that council will review the use of the land as part of every triennial revaluation.

over 65 years of age. However, council will also consider applications from people who are younger than 65, but in those instances there is a limit of 15 years, after which time the postponements must be repaid.[16]

In adopting this policy, council considered:

- The objectives (target group/purpose)
- Conditions and criteria
- Duration
- Repayment
- Objectives - target group/purpose.

Generally, rates bear down most heavily on those ratepayers who are in the low income bracket and who also have the least scope to increase their income. The most obvious group is the so-called "asset rich/income poor" elderly, who may own a debt free home but have difficulty meeting fixed outgoings, especially rates – approximately 65% of older people are mainly dependent on New Zealand superannuation with little or no other income. The next most obvious group is those ratepayers who are beneficiaries or otherwise on low incomes.

For both these groups, rates, especially when they are increasing to meet the cost of investing in areas such as infrastructure renewal or upgrade, may impose a very heavy burden on their disposable income. People in these groups may be significantly better off in terms of quality of life if they can indefinitely postpone the obligation to pay (until they sell the property or die), or for younger ratepayers for a period whilst they are coping with heavy costs – perhaps establishing a business, or as a single parent, bringing up children. For a council, postponement can provide a means of relieving cash flow pressure on those groups with consequent benefits including, for councils, reducing a source of community resistance to significant rates-based infrastructure funding.

The main issue for a council adopting an indefinite postponement policy is the risk that, when the postponement period ends, accrued rates and charges will exceed the value of the property. As a general statement, the older a ratepayer is at the beginning of the postponement period, the lower the risk.

Both the nature of the problem and the requirements for managing risk suggest a two-part policy. People aged 65 years and over are the largest group under pressure from the obligation to pay rates from limited income. They are also lower risk than younger ratepayers as their life expectancy is shorter. The policy objective could be defined as giving ratepayers a choice between paying rates now or later subject to the full cost of postponement being met by the ratepayer and council being satisfied that the risk of loss in any case is minimal.

For cases where one or more owners (including people occupying a family trust owned property) is aged 65 or older, postponement would be available until either sale or the death of whoever was named in the application as occupier/s. The intention is that postponement should be available until the sale of the property or the death of the individual or survivor of the couple named in the application as the occupier/s.

For cases where all the owners are younger than 65 years at the time of application, any postponement would be available for a maximum of 15 years. In these circumstances, the intention is to provide a temporary benefit on the grounds of particular hardship. To qualify, the applicant must acknowledge that, at the end of the postponed period, repayment in full will be required and that the applicant must accept a responsibility to do, at that time, whatever is required to make full repayment and resume paying normal rates.

In each case, the impact of postponement will be tested by council as part of its confirmation of eligibility. This will be done by running the details of the property concerned through an actuarial model designed to calculate the total rates and accrued charges outstanding at the end of the postponement period and the expected value of the property, in each case using assumptions (inflation, interest rates, rates, life expectancy) developed by the actuary. If it appears that the total of accrued rates and charges could exceed 80% of the expected value of the property, council will offer partial rather than full postponement; set at a level that will keep the forecast final total within the 80% limit.

The next question is whether (or to what extent) people whose property is subject to a mortgage should be eligible. Technically, this need not concern a council as postponed rates have priority over mortgages. In practice, it would not be sensible for a council to treat the interest of mortgagees in a cavalier manner. It is proposed to deal with these by advising applicants that they should seek their mortgagee's approval before proceeding with an application.

Māori freehold land

At present, the law does not allow councils to register a charge on Māori freehold land. Accordingly, Māori freehold land is not eligible for the postponement of rates under this policy statement, unless and until the law is changed so that councils can register a statutory land charge and can enforce such a charge.

Policy objectives

To give ratepayers a choice between paying rates now or later, subject to the full cost of postponement being met by the ratepayer, and council being satisfied that the risk of loss in any case is minimal.

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16 Minor wording changes.

Conditions and criteria

1. Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (whether as a principal residence or as a holiday home). This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit with the agreement of the owner of the retirement village.
2. If a property is in a known hazard zone, council has the right to decline to offer rates postponement to the property.
3. Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast, on a case-by-case basis, expected equity, when repayment falls due. If that is likely to be less than 20%, council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.
4. The property must be insured at the time the application is granted and must be kept insured and evidence of this produced annually.
5. To assist ratepayers who are currently uninsured, council is arranging for the development of a group insurance policy to provide all risks cover, with an excess of $10,000. This will achieve cover against catastrophic loss at minimum cost. The premium will be treated as part of the postponement fee and thus come within the postponement arrangements. Once the policy is available, all ratepayers whose rates are postponed under this policy will be required either to have their own insurance, and produce evidence of that to council on an annual basis, or to have their properties insured under the group insurance policy.
6. Any postponed rates (under this policy) will be postponed until:

    a. The death of the ratepayer/s or named individual or couple, (in this case council will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or
    b. Until the ratepayer/s or named individual or couple ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within council's district, council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
    c. In the case of ratepayers under the age of 65 at the time of application, until a date specified by council.

7. Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover council's administrative and financial costs and may vary from year to year.
8. The financial cost will be the interest council will incur at the rate of council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of independent advice).

    The purpose of the reserve fund levy is to protect council and the applicants against the possibility that, in some instances, the proceeds of the sale of a property may not be sufficient to repay accrued rates and charges. Neither the applicants, nor the estate will be required to repay any part of a shortfall; instead this will be paid from the reserve fund.

9. To protect council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriately qualified and trained independent person. A certificate confirming this will be required before postponement is granted.
10. The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.
11. Postponed rates will be registered as a statutory land charge on the rating unit title. This means that council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Termination and repayment of postponed rates

The policy is in place indefinitely and can be reviewed subject to the requirements of the LGA at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates.

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in council's rating information database. This will require the ratepayer/s for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Remission and postponement of rates on Māori freehold land (Policy # ML04)

Background

Sections 108 and 109 of the LGA require that all councils introduce policies for the remission and postponement of rates on Māori freehold land.

In compliance with LGA and in recognition that the nature of Māori land is different to general land the Far North District Council has formulated a policy "The Remission and Postponement of Rates on Māori Freehold Land" to deal with these issues.

Definitions

Māori freehold land – as set out in Te Ture Whenua Act/ Māori Land Act 1993 Part VI section 129(2)(a) means "Land, the beneficial ownership of which has been determined by the Māori Land Court by freehold order, shall have the status of Māori freehold land".

Policy goals

To introduce policies which promote the collection of rates from Māori freehold land in order that a fair and equitable collection of rates from all sectors of the community can be achieved.

To recognise that certain unoccupied Māori freehold land may have particular conditions, ownership structures, or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

To comply with the provisions of the 11th Schedule of the LGA.*(17)*

Principles

The principles used in establishing this policy are:

- That as defined in Section 91 of the Local Government (Rating) Act 2002 Māori freehold land is liable for rates in the same manner as if it were general land;
- That pursuant to Sections 108 and 109, council is required to adopt a policy for the remission and postponement of rates on Māori freehold land;
- That council and the community benefit through the improved collection of rates that are collectable and the removal from the rating debt of that debt which is considered non collectable;
- That applications for remission and/or postponement of rates meet the criteria set by council or LGA;
- That the policy does not provide for the permanent remission or postponement of rates on the lands concerned;
- That council's GST liability in respect of rate arrears is minimised;
- That all land that receives the benefit of this policy be included in a register, the "Māori Land Rates Relief Register" (the register) and the total amount of the remissions and/or postponements will be separately disclosed in each year's annual plan and annual report.

In preparing this policy, council has taken account of the provisions of the 11th Schedule of the LGA, which states

1. The matters that the local authority must consider under Section 108(4) are -

    a. the desirability and importance within the district of each of the objectives in clause 2; and
    b. whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
    c. whether, and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
    d. the extent to which different criteria and conditions rates relief may contribute to different objectives.

2. The objectives referred to in clause one are -

    a. supporting the use of the land by the owners for traditional purposes:
    b. recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands:
    c. avoiding further alienation of Māori freehold land:
    d. facilitating any wish of the owners to develop the land for economic use:
    e. recognising and taking account of the presence of wāhi tapu that may affect the use of the land for other purposes:
    f. recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere):
    g. recognising and taking account of the importance of the land for community goals relating to:

        i. the preservation of the natural character of the coastal environment;
        ii. the protection of outstanding natural features;
        iii. the protection of significant indigenous vegetation and significant habitats of indigenous fauna;

    h. recognising the level of community services provided to the land and its occupiers;

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17 Recording that council considered the requirements of the LGA when developing these policies.

i. recognising matters related to the physical accessibility of the land.[18]

Policy statements

Policy statements have been developed to meet the following requirements:

- Remission of rates on unoccupied Māori freehold land (Policy Ml04/01)
- Remission of rates on Māori freehold land used for the purposes of papakainga or other housing purposes subject to occupation licenses or other informal arrangements (policy ml04/2)
- Postponement of rates on Māori freehold land (policy ml04/03)
- Rates postponement to assist forestry development on Māori land (Policy ML04/04) – to be repealed.

General conditions

- Burden of proof of eligibility is on the owner/s of the property and as confirmed against relevant information held in council records.
- Where land is in multiple ownership, a signed statement authorising an individual to act for one or more owners must be enclosed.
- Properties will remain on the register for a maximum term of three years after which time the owners will be required to make a fresh application for consideration by council.
- In the event of the land or any portion of the land being sold within that three-year period, a claw back provision applies to enable council to recover the rates remitted for the applicable period. This claw back may, at council's sole discretion, relate to the whole property or only to that portion of the land that has been sold.
- Council or duly designated officers are given approval to undertake periodic inspection of land to confirm unoccupied status.
- Council reserves the right to seek further information, e.g. Memorial Schedule of Owners, if council deems it necessary.

Remission of rates on unoccupied Māori freehold land (Policy ML04/01)

Background

The Far North district contains large tracts of Māori freehold land which are unoccupied and unimproved. This land creates a significant rating burden on the Māori owners who often do not have the means nor, in some cases, the desire to make economic use of the land. Often this is due to the nature of the ownership or, because the land has some special significance which would make it undesirable to develop or reside on, is isolated and marginal in quality.

Policy objectives

To recognise and take account of the presence of wāhi tapu sites of cultural significance or other cultural values that may affect the use of the land for other purposes.

To avoid further alienation of Māori freehold land as a result of pressures that may be brought by the imposition of rates on unoccupied lands.

To recognise matters related to the physical accessibility of the land.

To recognise land that the owners have set aside for non-use because of recognised natural features.

To recognise situations where there is no person using or gaining an economic or financial benefit from the land.

To provide the ability to grant remission for the portions of land not occupied.

In general, reasons for placement on the register and receiving a remission of rates, would include some or all of the following:

- Unoccupied and unimproved – the land is unoccupied and has no, or minimal improvements.
- The land is land locked – much Māori land is land-locked, i.e. does not have legal access to council or national road network.
- Fragmented ownership – ownerships vary in number and individual share proportions. Owners are scattered throughout the country and even worldwide. Attempts to contact a majority representation are often painstaking and difficult.
- The land has particular conservation value – because of their remoteness and inaccessibility, much Māori land has a high conservation value, which council or the community may wish to preserve.
- Unsecured legal title – many land titles have not been surveyed. Therefore, they cannot be registered with the district land registrar. Owners seeking finance for development of their land are restricted, as mortgages cannot be registered against the title.
- Isolation and marginal in quality – the lands are geographically isolated and are of marginal quality.
- No management structures – lands have no management or operating structures in place to administer matters.
- Rating problems – because of the above factors, there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates.

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18 Refer LGA Schedule 11: previously not referred to LGA.

Remission of rates on Māori freehold land used for the purposes of papakainga or other housing purposes subject to occupation licenses or other informal arrangements (Policy #ML04/2)

Background

The Far North District Council recognises that occupation licenses, or other informal arrangements, only provide an interim or temporary right to occupy part or all of an area of Māori freehold land. This right is only available to the licensee, or informal occupier and does not create an interest that can be transferred or bequeathed as part of an estate.

This form of occupation is different to an occupation order, which provides a permanent right to occupy an area of land, and can be passed on to future generations.

Occupation licenses are generally used to define a specific area of Māori freehold land that the licensee can occupy for the purposes establishing a dwelling. At the termination of the license, the dwelling has to be removed or transferred to the owners of the land.

Informal arrangements are where a person occupies an area of Māori freehold land for a period of time; however, has no formal agreement and no rights to permanent occupation.

The occupier of land that is the subject of an occupation license or informal agreement is generally not required to pay any rental to the owners of the land, i.e. it is not a commercial arrangement.

There is a willingness of occupiers of land that is the subject of these types of arrangements to pay rates in respect of the area of land that they occupy. However, there is a concern that these "parts" may become liable for the uniform annual general charge and other non-service related charges assessed on the basis of a separately used or inhabited part of a rating unit.

This policy statement has been prepared to address these issues. It recognises that papakainga and similar housing on Māori freehold land are generally occupied by members of owners families and no rentals are payable.

The policy is consistent in effect to the treatment of multiple housing on general title land, where the separate parts are occupied on a rent-free basis by members of the owner's family.

To assist the occupiers pay the rates of the parts of a rating unit that are the subject of occupation licenses, council will issue a separate rate assessment for each part as set out in Section 45 (3) and (4) of the Local Government (Rating) Act 2002.

Policy objectives

To put in place processes to allow the residents of occupation licenses or other informal arrangements to pay their portion of the rates in respect of the land that they occupy, thus reducing the overall rate debt on Māori freehold land.

To assist Māori to establish papakainga or other housing on Māori freehold land.

To assist Māori to establish a economic base for future development.

Conditions and criteria

The Far North District Council recognises that the imposition of multiple uniform annual general charges or other non-service related charges might act as a disincentive to Māori seeking to occupy Māori freehold land for housing purposes.

Council will consider applications for the remission of multiple uniform annual general charges and other charges, with the exception of those that are set for the provision of utilities such as water, sewerage etc., in respect of separately used or inhabited parts of a rating unit where these are the covered by occupation licenses, or other informal arrangements subject to the conditions and criteria set out below:

1. The land must be Māori freehold Land (as defined in Te Ture Whenua Act 1993 Part VI Section 129 as set out above);
2. The part of the land concerned must be the subject of an occupation license or other informal arrangement for the purposes of providing residential housing for the occupier on a rent free basis;
3. The area of land covered by each arrangement must have a separate valuation issued by council's valuation service providers and will be issued with a separate rate assessment pursuant to Local Government (Rating) Act 2002 Section 45 (3). *(19)*
4. Council reserves the right to cancel the agreement on any part of a rating unit if the rates remain unpaid for a period of more than three months after the due date.*(20)*
5. The application must be in writing signed by the owners, and the occupier must agree to pay any rates assessed in respect of the part or division of the rating unit that is the subject of the arrangement.
6. Any remissions will not include rates set for the provision water, sewerage or other services to the separate division of the rating unit,
7. The remission of the uniform annual general charge and other charges will remain on the land so long as the arrangement is in force subject to the occupation complying with the conditions and criteria set out above.

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19 Clarifying that separate assessments will be issued for each part of the rating unit that is separately occupied.

20 This allows council to cancel the arrangement if rates are not paid on the land.

Postponement of rates on Māori freehold land (Policy ML04/03)

Background

The Far North District Council recognises that significant rate arrears can act as a disincentive to any new occupation of the Māori freehold land, where a new occupier could become responsible for the payment of any existing arrears of rates on the land.

It has therefore introduced policies that provide for the postponement of rates in respect of Māori freehold land that is to be used by a new person or persons and the person or persons, agree to pay the future rates for such period that they continue to use the land.

This policy provides for the remission of outstanding penalties and the postponement of rate arrears outstanding at the time that the agreement comes into force.

It further provided that in the event that the rates continue to be paid, the postponed rates will be remitted six years after the date upon which they were charged to the land.

Policy objectives

To facilitate the development and use of the land for economic use, where council considers utilisation would be uneconomic if full rates were payable.

Conditions and criteria

The Far North District Council will agree to postpone the arrears of rates on Māori freehold land subject to the land being continuously used by a new person or persons as defined by Section 96 of the Local Government (Rating) Act 2002 and that person or persons agreeing to pay the current and future rates while they are using the land, subject to the criteria set out below.

1. The land must be Māori freehold land (as defined in Te Ture Whenua Act 1993 Part VI Section 129 as set out above).
2. The application must be in writing signed by the owner/s, or their agent or by the person or persons proposing to use the land.
3. The person or persons proposing to use the land must be a new user or users.
4. The new person or persons using the land must enter in to an agreement in writing to keep the current and future rates up to date whilst they are using the land.
5. All previous instalments of the current year's rates must be paid in full within 1 month of the agreement date, or in part payments, by the 30 June of the current year.
6. Council will have the sole judgement on whether or not to grant the application and may seek such additional information as they may require before making their final decision.
7. An application will only be considered in respect of a new user or users of the land.
8. Pursuant to Section 88 of LGA, a postponement fee will be added to the postponed rates.

Note:

In this context a "new person" means a person who has not previously had a connection with the land. It does not include new trustees appointed to a Māori trust or incorporation because the ratepayer remains the trust or incorporation.

Termination and repayment of postponed rates

1. Postponed rates will remain as a charge on the property for period of six years from the date on which the rate was assessed, after which time they will be remitted.
2. If the current and future rates are not paid within one month of the due dates, council reserves the right to reapply the postponed rates to the land.

WHANAGAREI DISTRICT

Policy 12/101 remission of some uniform annual general charges and/or targeted rates on separately used or inhabited parts of rating units

Background

This council levies rates on separately used or inhabited parts of a rating unit (including separate areas capable of separate occupation). In some cases, the application of this may result in inequity, and where the property is used for both business and residential purposes, or where the residential property has a separate dwelling, unit, flat or apartment which is used by family members a remission may apply.

Objectives of the policy

The policy provides the ability for rates relief where the rating unit has more than one separately used or inhabited part and the rates assessed include more than one uniform annual general charge and/or targeted rate and where the rating unit is:

a. Separately used by one occupier for both business and residential purposes; or
b. Used for residential purposes and the separately inhabited part is occupied by a member of the family (first degree relative) of the owner of the rating unit on a rent free basis.

Conditions and criteria

Council may remit the specified rates where the application meets the following criteria:

1. The rating units in (a) above must be occupied (either as owner or lessee) by the same person(s) and separately used by that/those person(s) for his/her or their business and residence; or
2. The rating units in (b) above must be used as the owner's principal residence but also contain a minor flat or other residential accommodation unit which is inhabited by a member of the owner's family on a rent-free basis. The family member must be a first degree relative to the owner for example, grandparent, parent, adult child, or sibling.
3. The owner(s) of the rating unit must complete and provide to the council a statutory declaration stating that the conditions in either (1) or (2) above apply. Such a declaration will be effective from 1 July following the date of application for one to three years or until the conditions cease to be met, whichever is earlier. A fresh declaration must be completed and provided in order to qualify for consideration for remission beyond the first three-year period.
4. The rates which may be remitted are as follows:
    a. for rating units in both (a) and (b) above, any uniform annual general charge and/or uniform targeted rate for district wide refuse management assessed in respect of the rating unit, apart from the first of each; and
    b. in addition, for rating units in (b) above, any uniform targeted rate for sewerage services assessed in respect of the rating unit, apart from the first.
5. Decisions on remission under this policy will be delegated to officers as set out in council's delegation manual.

Policy 12/102 remission of some general rates, uniform annual general charges and targeted rates on rating units which are in common ownership but do not meet the criteria of a contiguous property

Background

Developers face significant costs in the early stages of subdivision development, including the payment of development contributions to council. Once titles are issued, all properties are rated individually and the holding costs can be quite high until properties are sold.

Objectives of the policy

To allow council to remit any uniform annual general charge or any targeted rate on any rating unit created as a result of subdivision that falls outside the automatic exemption provisions of section 20 of the Local Government Rating Act 2002. To encourage development in the district, if it is in council's interests to do so, by allowing short-term relief from full rates to property developers.

Conditions and criteria

Council may remit the specified rates where the application meets the following criteria:

1. The rating units must have been created in accordance with council's subdivision development requirements.
2. The rating units must be vacant land.
3. The rating units must be in the name of the ratepayer actually subdividing the land.
4. The rates which may be remitted for all properties are any uniform annual general charge and/or uniform targeted rate for district-wide refuse management In addition, all properties rated as commercial will receive a remission of 20% (twenty per cent) of the value based general rates.
5. The remissions will apply to only the second or subsequent rating units of any subdivision.
6. From 1 July 2012 any remissions will only apply for a period of five years. Where remissions have been

granted in previous years, further remissions will apply for the next four rating years.

7. Decisions on remission under this policy will be delegated to officers as set out in council's delegation manual.

Policy 09/103 remission of some uniform annual general charges and targeted rates on separately used or inhabited parts of a rating unit

Background

There are some instances where properties are used in conjunction with each other, but they may not be contiguous or adjacent. This particularly applies in farming situations where properties may be separated, but they are used in one farm operation. Strict compliance with the legislation results in an inequitable result, and this policy allows for remissions in these rare circumstances.

Objectives of the policy

To allow council to remit any uniform annual general charge and/or uniform targeted rate for district-wide refuse management on any separately used or inhabited part of a rating unit where common or like occupancies occur or where the separately occupied portions are deemed to be operating as a single purpose unit.

To allow council to remit any uniform annual general charge and/or uniform targeted rate for district wide refuse management on any separately used or inhabited part of a rating unit where special circumstances apply and it is considered fair and reasonable to do so.

Conditions and criteria

Council may remit the specified rates where the application meets the following criteria:

1. Council is satisfied that the separately used or inhabited parts of a rating unit are considered to be a single purpose function.
2. In the case of (1) above remission will apply to all separately used or inhabited parts of the rating unit, apart from the first.
3. Decisions on remissions under this policy will be delegated to officers as set out in council's delegation manual.

Policy 09/204 discount for early payment of rates in current financial year

Background

A discount is granted where the full annual rates are paid on the due date of the first instalment.

Objectives of the policy

The objective of the early payment policy is to encourage ratepayers to pay their rates early and in one sum so as to minimise processing costs and improve cash flow.

Conditions and criteria

1. A discount will be allowed if the total rates assessed for the current year and all arrears are paid in full on or before the due date for the first instalment. In exceptional circumstances where an extended date for payment has been granted, on or before the extended date.
2. That the amount of the discount be set each year in accordance with that provided in council's annual plan or long-term plan.
3. Decisions on remissions under this policy will be delegated to officers as set out in council's delegation manual.

Policy 12/205 remission of penalties

Background

Penalties are charged where instalments are not paid on due dates. In addition, where previous years' arrears remain unpaid three months after the end of each rating year a further penalty is applied.

Objectives of the policy

The objective of the remission policy is to provide remission of penalties charged where it is fair and equitable to do so. To provide the ability to remit penalties on rates where reasonable grounds exist or to encourage payment of arrears and/or payment by council's preferred direct debit option.

Conditions and criteria

Council may remit the penalty rates where the application meets the following criteria:

1. Remission of penalties will be considered in any rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member, as at the due date.
2. Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.
3. In considering the remission of any penalty a good payment record or otherwise may be taken into account.

4. Where the remission will facilitate the collection of overdue rates and it results in full payment of arrears and savings in debt collection costs.
5. Where it facilitates the future payment of rates by direct debit within a specified time-frame.
6. Council may remit small balances due to cash rounding or where the balance outstanding is considered uneconomical to pursue.
7. Where a ratepayer enters into an agreed payment arrangement to pay off arrears in a specified time-frame, penalty suppression may be granted for future penalties that fall due within that period.
8. Decisions on remission of penalties under this policy will be delegated to officers as set out in council's delegation manual.

Policy 09/309 remission of rates for community, sports and other organisations

Background

Community and voluntary groups provide facilities for residents which enhance and contribute to their wellbeing. Council wishes to encourage such groups by providing a reduction in rates levied.

Objectives of the policy

To facilitate the ongoing provision of non-commercial (non-business) community services and/or recreational opportunities that meets the needs of Whāngārei residents.

To assist the organisation's survival; and

To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

Council may remit rates where the application meets the following criteria:

1. The policy will apply to land owned by the council or owned and occupied by a charitable or non-profit organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
2. The policy will not apply to organisations operating for private pecuniary profit, or which charge tuition fees.
3. The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
4. The application for rate remission must be made to the council prior to the commencement of the rating year; applications received during a rating year will be applicable from the commencement of the following rating year. No applications will be backdated.
5. Organisations making application should include the following documents in support of their application:

   - Statement of objectives;
   - Full financial accounts;
   - Information on activities and programmes;
   - Details of membership or clients.

6. Decisions on remission under this policy will be delegated to officers as set out in council's delegation manual.
7. The rates to be remitted will be 50% of all property rates applied, including targeted rates for sewerage connection (but not including metered water) with the exception of community halls which will receive 100% remission.

Policy 09/410 postponement of rates – extreme financial hardship

Background

From time to time council is approached by ratepayers who are experiencing financial hardship. Staff will work with applicants to help meet their commitments with payment options, payment arrangements and penalty relief. This policy covers the circumstances where these options will not provide the desired outcome.

Objectives of the policy

To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay their rates.

Conditions and criteria

Council will postpone rates in accordance with the policy where the application meets the following criteria:

1. When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.
2. As a general rule the ratepayer must be the current owner of the rating unit and have owned or resided on the property or another property within Whāngārei district for not less than two years.
3. The rating unit must be used solely for residential purposes.
4. Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.
5. The ratepayer must not own any other rating units or investment properties or other investment realisable assets.
6. The ratepayer must make application to the council on the prescribed form.

7. Even if rates are postponed, as a general rule the ratepayer will be required to pay the first $500 of the rate account.
8. The ratepayer must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.
9. The council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council's administration and financial costs.
10. The policy will apply from the beginning of the rating year in which the application is made although the council may consider backdating past the rating year in which the application is made depending on the circumstances.
11. Any postponed rates will be postponed until:
    a. the death of the ratepayer(s); or
    b. until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
    c. until the ratepayer(s) ceases to use the property as his/her residence; or
    d. until a date specified by the council as determined by the council in any particular case.
12. The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.
13. Postponed rates will be registered as a statutory land charge on the rating unit title.
14. Decisions on remission under this policy will be delegated to officers a s set out in council's delegation manual.

Policy 12/412 postponement and remission on specific farmland properties

Background

Land may continue to be farmed, but in some situations, such as proximity to the coast, means the land value has increased significantly, and the rates levied would be a disincentive to the continued use of the land in its current form. Council recognises that forced development in these situations is not necessarily desirable and there are advantages in the land remaining as farmland.

Objective of the policy

The objective of the policy is to afford relief to farmers whose farmland has increased in value by the factor of potential residential, commercial or other non-farming use, carrying with it rates disproportionate to a farming use when compared to other farming properties within the district.

Conditions and criteria

1. The properties will be identified and the rates postponement values will be determined by council's valuation service provider in conjunction with a general revaluation. Council may at any time, on the written application of the owner of any farmland requesting that the property be considered for postponement values, forward that application to council's valuation service provider for their determination. If so determined, the postponement values will take effect from the commencement of the financial year following the date of the application.
2. The rates postponement value of any land is to be determined:
    a. So as to exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial, or other non-farming use; and
    b. So as to preserve uniformity and equitable relativity with comparable parcels of farmland that the valuations of which do not contain any such potential value.
    c. May apply to one or more rating units in the same ownership and is therefore conditional upon all rating units remaining in the same ownership.
3. In this policy, "farmland" means a property rated under the category of "rural' in council's differential rating system.
4. The farming operation should provide the majority of revenue for the owner of the land who should be the actual operator of the farm.
5. The area of land that is the subject of the application is not less than 30 hectares. Discretion will be allowed to extend the relief to owner-operators of smaller intensive farming operations where there is clear evidence that it is an economic unit in its own right.
6. No objection to the amount of any rates postponement value determined under this policy may be upheld except to the extent that the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no potential value for residential purposes, or for commercial, industrial or other non-farming development.
7. Decisions on remission under this policy will be delegated to officers as set out in council's delegation manual.

Effect of rates postponement values

1. The postponed portion of the rates for any rating period shall be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the property and the amount of the rates that would be payable for that period if the rates postponement value of the property were its rateable value.

2. The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by the council in respect of the rateable property.
3. Any rates so postponed, and, as long as the property still qualifies for rates postponement, will be written off after the expiration of five years.

Rates levied before postponement values set

Where council has levied rates in respect of any property for any year before the rates postponement value has been determined, the council may make and deliver to the owner an amended rate assessment for that year.

Additional charges

No additional charges will apply on any rates postponed under the rates postponement values system.

When postponed rates become payable

All rates that have been postponed under this policy and have not been written off under this policy become due and payable immediately on:

a. The land ceasing to be farmland;
b. The interest of the owner of any part of the land is passed over to or becomes invested in some person or other party other than;
c. The owner's spouse; or
d. The executor or administrator of the owner’s estate.

For avoidance of doubt, where rates have been postponed and not written off in respect of land comprising one or more rating units in the same or common ownership, and one or more of the rating units meets the criteria for payment above, all postponed rates on all rating units will become payable.

Transitional arrangements

Where a property received a postponement under this policy prior to its review as at 1 July 2012, but it no longer meets the amended criteria after the revaluation as at 1 September 2012, rates previously postponed will become payable in accordance with this policy or will be remitted at the expiry of five years after the end of the rating year (30 June) to which the postponement applies.

Postponed rates to be a charge on the rating unit

Where council has postponed the requirement to pay rates in respect of a rating unit, a charge will be registered on the rating unit under the Statutory Land Charges Registration Act 1928.

Policy 09/413 postponement and/or remission of rates and charges on properties affected by natural calamity

Background

This policy recognises that where land has been affected to the extent that the land is irretrievably damaged, where it cannot be used, then the application of full rates could cause financial hardship.

Objective of the policy

The objective of the policy is to enable rate relief to be provided where the use that may be made of any land has been detrimentally affected by natural calamity.

Conditions and criteria

1. All applications must be in writing and should be supported by documentary evidence as to the extent of the damage.
2. Council may rem it or postpone rates wholly, or in part, any rate or charge made and levied in respect of any land affected by natural calamity, where it considers it fair and reasonable to do so.
3. The criteria for repayment of postponed rates will be determined at the time the application is approved, and will depend on the circumstances of the natural calamity.
4. Decisions on remission under this policy will be delegated to officers as set out in council’s delegation manual. If an application is approved, the council may direct its valuation service provider (if considered appropriate to do so) to inspect the rating unit and prepare a valuation that will take into account any factor that could affect the use of the land as a result of the natural calamity. As there are no statutory rights of objection or appeal for valuations of this nature then the valuation service provider’s decision will be final.

Policy 09/611 remission of rates on unoccupied maori freehold land

Background

Some Māori freehold land in the Whāngārei district is unoccupied and unimproved. This land creates a significant rating burden on the Māori owners who often do not have the ability or desire to make economic use of the land. Often this is due to the nature of the ownership or it is isolated and marginal in quality.

Policy

A remission of all or part of rates may be granted in respect of multiple-owned Māori freehold land which is unoccupied or unproductive.

Objectives of the policy

To recognise situations where there is no occupier or no economic or financial benefit is derived from the land.

Where part only of a block is occupied, to grant remission for the portion of land not occupied.

To encourage owners or trustees to use or develop the land.

Where the owners cannot be found, to take into account the statutory limitation of time for the recovery of unpaid rates.

Any other matter in accordance with schedule 11 of the Local Government Act 2002.

Conditions or criteria

1. The land must be multiple-owned and unoccupied Maori freehold land which does not produce any income. (Multiple owned is defined as more than two registered owners. This includes beneficial owners where the registered owner is deceased, but the succession order has not yet been approved by the Maori Land Court)
2. The land or portion of the land must not be "used". This includes leasing the land, residing on the land, maintaining livestock on the land, using the land for storage or in any other way.
3. In order to encourage the development of the land, the rating unit may be apportioned into useable and non-useable portions and the remission applied based on the percentage of non- useable land.
4. A request for rates remission by the owners must include:

    a. Details of the land;
    b. Documentation that shows the ownership of the land;
    c. Reasons why remission is sought.

5. Where after due enquiry the owners of an unoccupied block cannot be found, the council may apply a remission without the need for a request.
6. If circumstances changes in respect of the land, the council will review whether this remission policy is still applicable to the land. All land identified under this policy for remission, will be reviewed triennially.
7. Decisions on remission under this policy will be delegated to officers as set out in council's delegation manual.

Policy 12/614 postponement of rates on Māori freehold land

Background

The difficulty in establishing and contacting owners or occupiers of Māori land means that there are often rate arrears when ownership or use is finally established. Also new occupiers or owners may wish to use the land, but are reluctant to take on the outstanding rate arrears. In order to facilitate and encourage the use of the land, the arrears may be postponed if the current rates are met.

Objectives of the policy

To encourage the development and use of Māori freehold land where council considers the full payment of the rate arrears would be a disincentive.

Conditions and criteria

Council will postpone rates in accordance with the policy where the application meets the following criteria:

1. The land must be Māori freehold land.
2. The owners or occupiers of the land (or portion of the land) must agree in writing to meet all future rates commitments whilst they are using the land.
3. The rates will remain as a statutory charge against the property until six years from the date they were assessed and will then be remitted.
4. Council reserves the right to reapply the rates postponed should the agreement not be met.
5. Decisions on remission under this policy will be delegated to officers as set out in council's delegation manual.

KAIPARA DISTRICT

Overview and background

Section 102(3) of the Local Government Act 2002 provides that a council may adopt a rates remission policy and/or a rates postponement policy. The two policies have been combined into a single rates postponement and remission policy.

The objective of this scheme is to:

- provide financial assistance and support to ratepayers
- address rating anomalies
- cover other objectives.

The council must consult on a draft policy or amendment in a manner that gives effect to section 82 of the Local Government Act 2002 to adopt and amend this policy.

The council's rates postponement and remission policy is set out in four parts, each containing a number of schemes.

Part one - financial assistance and support

- Rates postponement for financial hardship
- Rates remission for financial hardship
- Rates remission of penalties

Part two - addressing anomalies

- Rates remission of multiple uniform annual general charges and other uniform charges on rating units
- Rates remission for community, sporting and other organisations
- Rates postponement or remission for miscellaneous purposes

Full details of each rates remission and postponement scheme.

Part one - financial assistance and support schemes

Rates postponement for financial hardship

Objective

The objective of this scheme is to assist ratepayers experiencing financial hardship which affects their ability to pay rates.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement for hardship:

1. The ratepayer must be the current owner of the rating unit and owned the property for at least five years.
2. The rating unit must be used solely by the ratepayer as his/her residence.
3. No person entered on the council's rating information database as the "ratepayer" must own any other rating units or investment properties (whether in the district, in New Zealand or overseas) or have significant interests or ownership of a businesses or shares.
4. The current financial situation of the ratepayer must be such that s/he is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day-to-day living expenses.
5. The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the council offices, at either Dargaville or Mangawhai, or on council's website www.kaipara.govt.nz).

Conditions

The council will consider, on a case-by-case basis, all applications received that meet the above criteria.

1. For the rates to be postponed, written confirmation of the ratepayer's financial situation must be provided from the ratepayer's budget advisor. Additionally, council reserves the full right to have the question of hardship addressed by any outside agency with relevant expertise, e.g. budget advisors or the like.
2. For the rates to be postponed, the council will require a statutory declaration:
    - that the ratepayer does not own any other property or have significant interest in a business or shares; and
    - containing the value of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.
3. For the rates to be postponed, the council will require the ratepayer to first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.
4. The council will add a postponement fee each year to the postponed rates. The fee will cover the period from when the rates were originally due to the date that they are paid. This fee will not exceed the council's administrative and financial costs of the postponement.
5. The postponement will apply from the beginning of the rating year in which the application is made, although the council may consider backdating to before the rating year in which the application is made depending on the circumstances.
6. Any postponed rates will be postponed until:
    a. the death of the ratepayer(s); orb) until the ratepayer/s cease/s to be the owner or occupier of the rating unit; orc) until the ratepayer/s cease/s to use the property solely as his/her residence; ord)

until the postponed rates are 80% of the available equity in the property; ore) until a date specified by council.

7. All or part of the postponed rates may be paid at any time. The applicant may also elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this scheme.
8. Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Delegation of decision-making

Decisions relating to the postponement of rates will be made by the General Manager Finance or the Chief Executive.

Rates Remission for financial hardship

Objective

The objective of this policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

Criteria

The ratepayer must meet the following criteria to be considered for a rates remission for financial hardship:

a. The ratepayer must be the current owner of the rating unit and owned the property for at least five years.
b. The rating unit must be used solely by the ratepayer as his/her residence.
c. No person entered on the council's rating information database as the "ratepayer" must own any other rating units or investment properties (whether in the district, in New Zealand or overseas) or have significant interests or ownership of a businesses or shares.
d. The current financial situation of the ratepayer must be such that s/he is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day-to-day living expenses.
e. The ratepayer (or authorised agent) must make an application to council on the prescribed form (copies can be obtained from the council offices, at either Dargaville or Mangawhai, or on council's website www.kaipara.govt.nz).

Conditions

a. The council will consider, on a case by case basis, all applications that meet the above criteria.
b. For the rates to be remitted, the ratepayer's financial situation must be such that the ratepayer is eligible for, and has applied for, the government rates rebate scheme. Additionally, council reserves the full right to have the question of hardship addressed by any outside agency with relevant expertise, e.g. budget advisors or the like.
c. For the rates to be remitted, the council will require a statutory declaration that the ratepayer does not own any other property or have significant interest in a business or shares.
d. The remission will apply from the beginning of the rating year in which the application is made, although the council may consider back-dating to before the rating year in which the application is made depending on the circumstances.

Delegation of decision-making

Decisions relating to the remission of rates for financial hardship will be made by the General Manager Finance or the Chief Executive.

Rates remission of penalties only

Objective

The objective of this scheme is to enable the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.

Criteria

1. Where the ratepayer meets the payment conditions agreed with the council to resolve a rates arrears, the council can remit any part of the penalties already incurred or yet to be incurred.
2. The penalties incurred on the first instalment of each financial year will be remitted if the ratepayer pays the total amount of rates due for the year, excluding the penalty on the first instalment, but including any arrears owing at the beginning of the financial year, by the second instalment due date.
3. There are extenuating circumstances.
4. The ratepayer has paid after the penalty date, but has not received a rates penalty remission under this scheme within the past two years.

Conditions

1. If the ratepayer stops paying rates then the council is able to reinstate the penalties.
2. The remission will apply from the beginning of the rating period in which the application is approved and may not necessarily be backdated to prior years.

Treatment of penalties on small overdue balances

When a small balance is overdue which is uneconomical to collect, Revenue Manager, General Manager Finance or the Chief Executive may write off the balance in line with other council procedures. Penalties will not be applied in these circumstances.

Delegation of decision-making

Decisions relating to the remission of rates penalties will be made as follows:

1. For meeting condition/criterion 1 (enters payment conditions to resolve rate arrears) - General Manager Finance or the Chief Executive.
2. For meeting condition/criterion 2 (pays outstanding rates by instalment 2) - Revenue Manager, General Manager Finance or the Chief Executive.
3. For meeting condition/criterion 3 (extenuating circumstances) - General Manager Finance or the Chief Executive.
4. For meeting condition/criterion 4 (late payment but first in two years) - Revenue Manager, General Manager Finance or the Chief Executive.
5. For meeting condition/criterion 6 (backdating remission to prior years) - General Manager Finance or the Chief Executive.

Rates postponement or remission for miscellaneous purposes

Objective

The objective of this scheme is to enable the council to postpone or remit rates and/or penalties on rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.

Criteria

The council may postpone or remit rates and/or penalties on rates on a rating unit where it considers it just and equitable to do so because:

1. There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the unit's rates are disproportionate to those assessed for comparable rating units;
2. The circumstances of the rating unit or the ratepayer are comparable to those where a postponement or remission may be granted under the council's other rates postponement or remission schemes, but are not actually covered by any of those schemes;
3. There are exceptional circumstances that the council believes that it is equitable to postpone or remit the rates and/or penalties on rates.

Conditions

1. Where the council and the ratepayer have agreed to postpone rates and/or penalties on rates:

    a. Applications must be received in writing by council from the ratepayer.
    b. Applicants may elect to postpone a lesser amount than the maximum they would be entitled to under the scheme.
    c. Postponed rates will be registered as a statutory land charge on the certificate of title.
    d. Council will add a postponement fee to the postponed rates for the period between the due date and the date the rates are paid. This fee is to cover council's administrative and financial costs and may vary from year to year.
    e. Any postponement is valid for the year in which the application was made.
    f. Ratepayers will be encouraged to obtain financial and/or legal advice about the rates postponement from an appropriate independent person.

2. The council has the final discretion to decide whether to grant a rates postponement or rates and/or penalties on rates remission under this scheme.

Delegation of decision-making

Decisions relating to the remission of rates and/or penalties on rates will be made by the Chief Executive.

Part two - addressing anomalies

Rates remission of uniform annual general charges and other uniform charges on rating units

Objective

To enable council to act fairly and equitably with respect to the imposition of uniform charges on to two or more separate rating units that are contiguous, and used jointly for a single residential or farming use but do not currently meet section 20 of the Local Government (Rating) Act 2002.

Conditions and criteria

1. The council may remit multiple sets of Uniform Annual General Charges and relevant targeted rates set as a fixed amount per rating unit or separately used or inhabited part of rating unit (SUIP) in the following circumstances:

    a. Where a ratepayer owns and resides on two separate residential rating units that are contiguous and used jointly as a single residential property;
    b. Where a farming operation consists of a number of separate certificates of title or rating units that are contiguous, the occupier of all rating units is the same and operated jointly as a single farm, but is owned by a number of separate owners.
    c. Targeted rates set as a fixed amount for a service actually provided or made available to each separate

part of the rating unit, such as water and wastewater rates, shall not be eligible for remission.

2. Owners wishing to claim a remission under this scheme may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this scheme.

Delegation of decision-making

Decisions relating to the remission of rates will be made by the Revenue Manager, General Manager Finance or the Chief Executive.

Rates remission for community, sporting and other organisations

Objective

To enable council to act fairly and equitably with respect to the imposition of rates on land used or occupied by societies or association of persons for organisations that have a strong community focus, but do not currently meet the 100% and 50% non-rateable criteria under Schedule 1 of the Local Government (Rating) Act 2002.

Criteria

1. Council may remit all or part of rates to land that is being used or occupied under the following circumstances:
    a. Land owned or used by a society or association of persons, whether incorporated or not, for the purposes of a public hall, library, museum, or other similar institution.
    b. Land owned or used by a society or association of persons, whether incorporated or not, for games or sports other than galloping races, harness races and greyhound races, and does not meet the 50% non-rateable definition as a club licence under the Sale and Supply of Alcohol Act 2012 is for the time being in force.
    c. Land owned or used by a society or association or persons, whether incorporated or not, the object or principal object of which is to conduct crèches or to conserve the health or well-being of the community or to tend the sick or injured.
    d. Land owned or used by a society or associations of persons, whether incorporated or not for sporting, recreation, or community purposes that does not meet the 100% and 50% non-rateable criteria under Schedule 1 of the Local Government (Rating) Act 2002.

2. In all cases, land that is used for the private pecuniary profit of any members of the society or association shall not be eligible for a rates remission.

Delegation of decision-making

Decisions relating to the remission of rates will be made by the Revenue Manager, General Manager Finance or the Chief Executive.

Non-financial policies

The following non-financial policies are provided:

- Policy on development of Maori capacity.
- Policy on the appointment of directors to council organisations.
- Significance and engagement policy.

Policy on the development of Maori 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 the facilitation of enduring participation by Māori in the decision-making processes of local authorities.

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

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

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

Relationships

Northland Regional Council realises the need to form transparent and responsive relationships in order for them to be meaningful. Council has recognised this through one of its four key areas of focus for the coming years:

- Develop meaningful and inclusive relationships with iwi and tangata whenua within Te rohe o Te Tai Tokerau.

To achieve this council will continue to work at all levels to establish and maintain relationships with Māori and is committed to developing:

- Our relationship and engagement with Māori;
- A solid platform for decision-making;
- Meaningful and inclusive engagement;
- Services and activities that foster the ability and capacity of Māori to contribute to decision-making; and
- Better outcomes for Māori and Northland.

In order to better facilitate the participation of Māori in council's decision-making processes council's first priority is to develop a productive relationship with tangata whenua through the establishment of a standing committee of council. To achieve this council will:

- Invite Māori to participate in the establishment of the Te Tai Tokerau Māori Advisory Standing committee;
- Work with Māori to develop terms of reference; and
- Work together on the purpose and vision for the committee.

Underlining this commitment council acknowledges that to foster a relationship with Māori it needs to build its own capacity to engage. Council will therefore provide opportunities to elected representatives and staff to gain a better understanding of Te Ao Māori through Treaty of Waitangi and Cultural Awareness training.

Treaty of Waitangi

Council recognises that a special relationship exists between Māori and the crown through the Treaty of Waitangi. The treaty cements the relationship between the crown and Māori as treaty partners.

The council will continue to work with the Office of Treaty Settlements by way of provision of information and, where relevant, participate and contribute to investigations of various settlement instruments during the negotiation of claims.

Where settlements have been passed into legislation, the council will enact any legislative requirements of them or directions from the Minister, such as Memorandum of Understanding.

Council will promote the development of an organisational framework and structure for policy and decision-making that acknowledges and builds on the Treaty of Waitangi.

Iwi liaison

Section 13 of the council's governance statement details the key tasks of council's iwi liaison policy, while section 12 outlines the council's consultation policy including consultation with Māori. A copy of the governance statement is available on the council's website www.nrc.govt.nz/governance.

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

Provision of information

Northland Regional Council recognises that in order for Māori to effectively contribute to the decision-making process of council, it is essential that relevant information is provided to support this process.

By providing information, the council acknowledges it needs to be cognisant that it is relevant, clear and provided in a timely fashion in a manner that is appropriate.

Contribute to decision-making and capacity building

The Northland Regional Council will continue to provide opportunities for Māori to gain knowledge of council processes and to support avenues for Māori to participate in the decision-making processes. The council will also continue to recognise the special relationship Māori have with the natural and physical resources of the region.

Once the first steps have been taken, council hopes to build a meaningful and inclusive relationship with tangata whenua that will see us broadening our relationship and engaging directly around major issues, proposals and consultations.

We will continue to build on the operational and management arrangements we have such as continuing to attend and participate in the Iwi Local Government Authority Chief Executives Forum, engaging with the technical expertise within Māoridom and maintaining our open door policy of interaction and engagement of tangata whenua in council projects and initiatives.

As we develop this policy and the elements within it, we will develop our evaluation model(s) to ensure our efforts are effective. We will do this and conduct our evaluations in ways that recognise and acknowledge that Māori, as individuals and collectives, have diverse interests and aspirations.

Policy on the appointment of directors to council organisations

Section 57 of the Local Government Act 2002 ("the Act") requires the council to have a policy on the appointment of directors to its council organisations. As at August 2014, Northland Regional Council wholly or partially owns:

- Northland Inc. Limited;
- Marsden Maritime Holdings Limited; and
- Regional Software Holdings Limited.

Under section 6(4) of the Act, Marsden Maritime Holdings Limited is exempt from being classified as a council-controlled organisation. However, the associated joint venture company Northport Limited is classified as a council trading organisation. Directors of Northport Limited are appointed by the immediate shareholders.

Definitions

"Council organisations" include council-controlled organisations and council-controlled trading organisations. Each of these terms is defined in the Act:

"Council organisation"

A council organisation is any organisation in which the council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

"Council-controlled organisation"

A council-controlled organisation is an organisation in which the council, either in its own right or as part of a consortium of local authorities, controls, directly or indirectly, 50 percent or more of the votes or has the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers.

"Council-controlled trading organisation"

A council-controlled trading organisation is a council-controlled organisation that operates a trading undertaking for the purpose of making a profit.

Other relevant legislation/regulation

In addition to this policy, appointments and reappointments to the boards of council organisations are governed by their respective constitutions, trust deeds or, potentially in some cases, specific legislation. In the event of a conflict, those regulations take precedence over this policy.

Where ownership of council organisations is jointly or severally shared with other entities, governance requirements are established through shareholder agreements or equivalent documentation. Such agreements also take precedence over this policy.

Care should also be exercised to ensure that the appointment of any director will not potentially trigger a breach of the NZX Listing Rules for a listed council organisation, which prohibit the council, as a shareholder, from voting on some shareholders' resolutions [Ref A 673316].

Waivers to the voting restrictions are available but the potential for breach is most simply avoided by ensuring that an individual director is never concurrently appointed to more than one regional council organisation.

Key principles of this policy

- The objective of this policy is to ensure that the council appointments process selects the best person for the role;
- All appointments will be made through an objective, transparent and accountable process;
- All appointments will be made on the basis of merit; and
- All directors will be appointed on the basis of the contribution they can make to the organisation, not on the basis of representation.

Appointment process

- Vacancies will be advertised unless good reason exists not to. In making a decision to not advertise, the council will consider:
  - The costs of any advertisement and selection process;
  - The availability of qualified candidates;
  - The urgency of the appointment (e.g. a council-controlled organisation that is without a quorum cannot hold a board meeting); and
  - The degree of potential interest, including public interest, in the vacancy.
- The power to decide not to advertise a vacancy is to be delegated to the Chief Executive Officer.
- If circumstances warrant it, the council may call for nominations for appointment.
- An ad hoc committee will be established to consider applications and/or nominations and conduct interviews, with responsibility to make a recommendation on preferred candidate(s) to the council. The ad hoc committee shall normally be comprised of councillors, including the council's shareholder representative for the organisation concerned. Other members may include key stakeholders (e.g. district council representatives) or any person who has particular knowledge or skills that would be beneficial in the selection process.
- Ad hoc committee members are required to articulate any potential conflicts of interest.
- Prior to being interviewed for a position on a board, a candidate is required to declare formally any potential conflicts of interest. Declarations must be considered by the ad hoc committee. If the committee recommends to the council the appointment of a candidate who has declared an interest, the committee must be confident that the conflict can be managed and/or that the candidate would be able to make an effective contribution even if their interest meant they could not participate in certain matters.
- The ad hoc committee may decide to not interview incumbent directors seeking reappointment.
- The full council will make a decision on the appointment of directors in committee. An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment. The appointment(s) will be made by council resolution.
- Appointment decisions shall be made by council in public exclusion to protect the privacy of natural persons. The resolution shall be confirmed in open meeting.
- Council staff shall ensure careful documentation of the appointments process, including actions and decisions taken.
- Council's appointment decisions shall be communicated via media release, social media, website announcements or public notice, as appropriate to the circumstances.

General core competencies

All board members are expected to meet the following core competencies as well as relevant industry or other technical/specialist skills required for that board:

- Sound judgement and decision-making;
- Commercial acumen;
- Public service ethos;
- An understanding and commitment to council's obligation to the Treaty of Waitangi;
- A high standard of personal integrity;
- Clear communication and an ability to debate in a reasoned manner;
- Effective teamwork and collaboration;
- Ability to think strategically;
- Risk assessment and contingency management;
- Commitment to the principles of good corporate citizenship; and
- Understanding of the wider interests of the publicly accountable shareholder.

Directors are expected to have experience in governance, preferably corporate governance, and an understanding of the public service ethos. However, the council may waive the corporate governance requirement in order to attract a wider range of board members and to further its diversity policy if these skills and experience are already well represented on the board. Boards are expected to provide director training for directors with limited corporate governance experience.

All directors are expected to make a significant contribution to the governance of the organisation, including developing insight into the organisation and its aspirations and participating fully at meetings.

In particular, chairpersons of council organisations must maintain the trust of council, have effective leadership, and be able to harness the collective skills of the board.

Person specifications

Nominees for specific vacancies shall be assessed for their particular skills, knowledge and experience. Other matters for consideration are to include:

- The nature and scope of the council organisation, its future direction and requirements of its constitutional documents;
- Demonstrated judgement, team work and integrity;
- The objectives of the organisation and the attributes required to contribute to the achievement of those objectives;
- The mix of skills of the existing directors;
- Not currently provided for skills, knowledge, and experience;

- Any future skills, knowledge, and experience required; and
- The need to plan for succession.

Other appointment criteria

- In making its selection the council shall have regard to diversity, with a view to the board reflecting Northland demographics, and to ensure governance experience is gained by Northlanders.

Appointment restrictions

- Councillors and council staff should not be appointed as directors, unless good reason exists for exception. For example, where the council organisation is operational in nature and the Northland Regional Council Chief Executive Officer or designated staff member possesses the skills, knowledge and experience required to fulfil the role of a director, then council may appoint that person.
- Staff of the council organisation should not be appointed to its board. In the event a board decides one of its members should fill a vacancy in the organisation, the board member must first resign from their position on the board.
- Any board member applying for employment with the council shall offer to resign from the board immediately following an acceptance of appointment/confirmation of election.
- Any board member who is a candidate in a local body election (or a general election or placed on any political party's list) must offer to stand down from nomination day until the election results are notified.

Where an offer to resign from the board is made, the council will consider whether to accept the offer on a case-by-case basis, considering things like succession planning, conflicts of interest, and management of conflicts of interest.

Term of appointment

- Generally, appointments shall be for a three-year term, subject to any review the council considers necessary.
- The council shall generally review the performance of the organisation and its board after the local body elections.
- The maximum number of consecutive terms for any director is normally two, with reappointment exceeding six years to be considered on a case-by-case basis.

Remuneration of directors of council organisations

- Remuneration for directors of council organisations will be determined on a case-by-case basis taking into account:
  - Each specific role;
  - Any existing legal or constitutional requirements;
  - The form and purpose of the organisation; and
  - Any previous level of fees paid by the shareholder.
- Directors are not to undertake consulting work for the organisation under any circumstances.

Removal of directors

Directors may be removed from office according to the specific requirements of the Trust Deed or Constitution and may be subject to additional legislation such as the Local Government Acts 1974 and 2002.

Significance and engagement policy

Northland Regional Council makes decisions every day. These decisions range from the day-to-day matters with a low impact on the public and communities, right up to those with a very high level of importance, impact or public interest. The purpose of this policy is to inform you about how and when you can expect to be engaged in our decision-making processes. (21)

The policy:

- Sets out what sort of engagement is appropriate for a particular issue or proposal; and
- Provides us with a tool for defining matters and decisions that are particularly important or significant, helping it determine where a greater level of community engagement may be desirable.

Our approach to community engagement

Community engagement involves connecting with other people in a decision-making process, to share ideas and build understanding. It can involve a range of different approaches – from simply keeping our communities informed, to empowering them to make decisions themselves. Our regional community includes customers, citizens, local communities and other communities of interest.

Whenever the council is engaging communities, or making a decision on the extent of engagement, it will be guided by the following principles.

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21 This policy is intended to meet the requirements of the Local Government Act 2002 (section 76AA) for a Significance and Engagement Policy.

Principle	What this means
1. We are elected to make decisions on your behalf.	- We will get on with making decisions unless we believe a greater understanding of our communities' views is deemed necessary. - We will need to balance and prioritise competing interests and consider both short and long-term needs. - The more significant the issue, the more we will ensure we have enough information on our communities' views.
2. We know why we are engaging.	- We will tell you why we are engaging with you. - We will tell you what any proposals or decisions mean for you. - We will be clear about what influence people can have.
3. We respect your views.	- We will listen to what you say. - We will consider your views with an open mind.
4. We recognise that our region is diverse.	- We recognise that our region is made up of many geographical communities and communities of interest. - We recognise Māori as a culturally distinct group and will continue to work at all levels to establish and maintain relationships with Māori including tangata whenua. Where applicable, engagement will be reflective of tikanga Māori. - We will do our best to provide opportunities for people to present their views in a way that suits them. - We will target our engagement to those who may be affected by or have an interest in the decision.
5. We do things efficiently.	- We will encourage processes that make the best use of council resources. - We will continue to improve how we engage with you. - We will learn from experience about what works best.
6. We always provide feedback.	- If you engage with us we will let you know what decisions were made and why.

The council will use a range of engagement techniques when engagement planning.

When we will engage

We will always consider the views of people who will likely be affected by or have an interest in a decision. Sometimes we will consider that we already have a good understanding of these views (and preferences), but at other times we may feel we need more information. Different levels of community engagement will be used in different situations:

- We will **inform** our communities about decisions made when we believe there is some interest in the decision and/or people may be affected by the decision, but further engagement is not warranted.
- We will **consult** when we are required to by law, when a proposal is considered significant (as defined later in this policy) and when we need more information on options for responding to an issue.
- We will **involve** our communities in decision-making when we need more information on community views to fully understand an issue and develop a proposal for dealing with that issue.
- We will **collaborate** with one or more stakeholders when there are other stakeholders with a governance role, and where we can be more effective and efficient in achieving our priorities through collaborating with others.
- We will consider **empowering** communities to define their own solutions when the council considers it appropriate.
- We **won't** engage our communities when there is a need for confidentiality or the matters concern internal operational issues.

How we will engage

Once we have decided to engage and determined which form of engagement is the most appropriate, we will then identify which methods of engagement we wish to use. We will do so by considering the principles of this policy as well as:

- Who the target audience is – that is, who is affected by, likely to have an interest in or view on, the issue.
- The *significance* of the matter to both us as the council and the target audience (see below).
- What we know about the target audiences preferences for engagement.
- The information we already hold about community views.
- The circumstances in which the issue has arisen.
- The extent to which any costs outweigh the benefits of engagement methods.

We will ensure that:

- We make information available that tells participants what is being proposed, why, what options there are, what it means for our communities and how participants can engage.
- Opportunities are provided for Māori to contribute to our decision-making processes(22). The Te Taitokerau Māori Advisory Committee has been formed as the primary point of Māori engagement(23).
- Consider all matters in addition to the community views expressed when making final decisions, for example, research results, legislation, financial constraints and so on.
- Provide feedback on the decisions we make and why.

Defining which issues and decisions are significant

Some decisions we make are more significant than others. Distinguishing which decisions are significant and which are not, is not always black and white. The significance of an issue, proposal, asset, decision or activity (hereon referred to as a matter) usually lies somewhere on a continuum from low to high.

We will consider the significance of each matter on a case-by-case basis. When considering whether any matter is significant, we will use criteria to assess the likely impact on, and consequences for:

1. The Northland region.
2. The people who are likely to be particularly affected by, or interested in it.
3. Consistency with existing policy and strategy.
4. Our capacity to perform our role and the financial and non-financial costs of doing so.

When a high degree of significance is indicated by factors or thresholds in two or more criteria, the issue is likely to be **significant**.

Criterion	1. IMPORTANCE TO THE NORTHLAND REGION The extent to which the matter under consideration impacts on the Northland region, now and in the future (large impacts would indicate high significance).	
Factors and thresholds	Factors that might impact on community wellbeing are: a. Any decision that would significantly alter the level of service provided by the council for a significant activity (including a decision to commence or cease any such activity); b. Extent of costs, opportunity costs, externalities and subsidies, including: i. introducing a new targeted rate; and ii. increasing the targeted land management or the targeted council services rate for an activity by 5% or more annually; and c. Uncertainty, irreversibility, and the impact of the decision in terms of the community's sustainability and resilience.	
LOW	Degree of significance	HIGH
LITTLE IMPACT		LARGE IMPACT

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22 *Local Government Act 2002 s.14(1)(d) s.81(1), Schedule 10 s.8.*

23 *Refer to the council's Māori liaison and Māori participation in decision-making policies for more information.*

Criterion	1. IMPORTANCE TO THE NORTHLAND REGION The extent to which the matter under consideration impacts on the Northland region, now and in the future (large impacts would indicate high significance).	
Criterion	2. COMMUNITY INTEREST The extent to which individuals, organisations, groups and sectors within the community are particularly affected by the matter.	
Factors and thresholds	Factors that would indicate a high degree of significance are: a. High levels of prior public interest or the potential to generate interest; b. Large divisions in community views on the matter; c. A moderate impact on a large proportion of the community; and d. A large impact on a moderate number of persons.	
LOW	Degree of significance	HIGH
GOOD COMMUNITY AGREEMENT		LARGE DIVISION IN COMMUNITY VIEWS

Criterion	1. IMPORTANCE TO THE NORTHLAND REGION The extent to which the matter under consideration impacts on the Northland region, now and in the future (large impacts would indicate high significance).	
Criterion	3. CONSISTENCY WITH EXISTING POLICY AND STRATEGY The extent to which the matter is consistent with the council's current policy and strategy.	
Factors and thresholds	Factors that would indicate a high degree of significance are: a. Decisions which are substantially inconsistent with policies, strategies or previous significant decisions.	
LOW	Degree of significance	HIGH
WELL WITHIN OTHER STRATEGY AND POLICY		INCONSISTENT WITH OTHER STRATEGY AND POLICY

Criterion	1. IMPORTANCE TO THE NORTHLAND REGION The extent to which the matter under consideration impacts on the Northland region, now and in the future (large impacts would indicate high significance).	
Criterion	4. IMPACT ON THE COUNCIL'S CAPACITY AND CAPABILITY The impact of the decision on the council's ability to achieve the objectives set out in its Long Term Plan, including Financial Strategy, and Annual Plan.	
Factors and thresholds	Factors that would indicate a high degree of significance are: a. Transfers of strategic assets to or from the council;	

Criterion	1. IMPORTANCE TO THE NORTHLAND REGION The extent to which the matter under consideration impacts on the Northland region, now and in the future (large impacts would indicate high significance).	
	b. High capital or operational expenditure; and c. A financial transaction with a value of greater than five percent of the combined targeted land management rate and council services rates revenue in the year of the decision. (24)	
LOW	Degree of significance	HIGH
LITTLE IMPACT		LOW IMPACT

Every report to the council or a council committee will include a statement indicating whether or not the matter has been identified as significant. Where the significance of a proposal and/or decision is unclear, then we will treat the issue as being more rather than less significant. For any matter considered significant, the report will address the council's decision-making responsibilities under sections 77, 78, 80, 81 and 82 of the Local Government Act 2002 (as applicable).

We will not assess the significance of a matter when it involves a day-to-day operational matter, it involves management decisions delegated to staff during the implementation of council decisions, or where we think that failure to make a decision urgently would result in unreasonable or significant damage to property or risk to people's health and safety.

Strategic assets

Strategic assets are assets that we need to retain if we are to maintain our capacity to achieve or promote any outcome that is important to the wellbeing of the regional community. The Northland Regional Council's strategic assets as defined in this policy are:

- Its interests in Marsden Maritime Holdings Ltd.
- The Awanui river scheme.
- The Kotuku Dam (in the Whāngārei urban rivers scheme) and the land which the dam structure occupies (once construction is completed).
- The Kaeo stopbank scheme.
- Other river scheme assets as they are constructed.

A decision to transfer the ownership or control of a strategic asset to or from the regional council can only be taken if it has been provided for in its Long Term Plan and therefore will be the subject of the Local Government special consultative procedure.

Reviewing this policy

The council intends to review this policy every three years after the local body elections. Any consultation required would likely occur concurrently with a future annual or long-term plan.

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24 *This limit covers a single issue, asset or matter as well as a package of the same aligned to deliver a single outcome or objective. This limit does not apply to expenditure funded from the Growth and Investment Reserve or changes to the council's investment portfolio. Note that these investments will need to meet the council's Investment Policy.*

SECTION SIX: USER FEES AND CHARGES

Navigation, Water Transport and Maritime Safety Bylaw charges

Introduction

A Statement of Proposal and the special consultative procedure is required pursuant to sections 83, 86 and 156 of the Local Government Act 2002 in order that any clauses of the **Navigation, Water Transport and Maritime Safety Bylaw Charges 2012**, adopted in June 2014, may be amended and the Bylaw Charges re-adopted.

Section 156 of the Act requires that a bylaw or an amendment to an existing bylaw be made pursuant to the special consultative procedure set out in section 83. That section requires both a Statement of Proposal, and a summary of the information to be prepared, with the summary to be circulated widely and publicly notified. The full Statement of Proposal must be available for public inspection at all offices of the council during the submission period.

Section 86 requires that a draft of the full bylaw to be amended be included in the Statement of Proposal, setting out the reasons for the proposal and whether a bylaw is an appropriate mechanism pursuant to section 155.

Reasons for the proposal

Section 3.8.2 3 -7 and 9 – a 2.5% increase in Navigation Safety Bylaw Fees, to reflect inflation-related cost increases.

Sections 3.8.2.8 – a $12,750 (10%) increase in fees Harbourmaster's Navigation Safety Services fee. The fee increase is to reflect inflation and a greater degree of service provided. The fee has not being increased for a number of years.

Section 3.8.2.10. – a new fee for Pilot exemption exam fee of $450. There is currently no fee in place. The fee reflects councils time to prepare for and do the examination.

Section 3.8.2.12 – Proposal to provide a minimum charge of $300 (including GST) plus any additional time taken for the approval and inspection of Marine Tier 1 Oil transfer sites. A minimum charge providers for certainty to the applicant on the likely charge. .Currently there is no minimum charge, the fee is based on officers actual recorded time.

Fee removed: remove the safety operating licences form policy as this charge has not being required.

There are no other changes to the bylaw.

This bylaw amendment is made pursuant to the bylaw provisions of the Local Government Act for setting fees and charges as mandated by section 684B(h)(i)-(iii) of the Local Government Act 1974 (Part 39A Navigation), saved in Schedule 18 of the Local Government Act 2002. It is the most cost effective way of recovering the costs arising from the regulation of recreational maritime activities and commercial shipping as appropriate.

The bylaw is as follows:

Navigation, Water Transport and Maritime Safety Bylaw fees and charges 2015

These bylaws shall be known as the Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw Charges 2015:

1. These bylaws shall apply throughout the region of the council.

2. In these bylaws, unless the context otherwise requires:

> "Maritime facility" means any jetty, jetty berth, wharf, ramp, slipway, boatshed, marina berth, pontoon or, whether private, commercial or a recreational public facility, that is located within the coastal marine area of Northland.
>
> "Mooring" means any swing or pile mooring whether private, commercial or recreational mooring that is located within the coastal marine area of Northland.
>
> "Owner" includes:
>
> > a) in relation to a vessel, the agent of the owner and also a charterer; or
> >
> > b) in relation to any dock, wharf, quay, slipway or other maritime facility, means the owner, manager, occupier or lessee of the dock, wharf, quay, slipway or other maritime facility.

3. Navigation Safety Bylaw fees

For the period specified hereunder and for each year thereafter until amended or superseded by a subsequent bylaw change, the owner of every maritime facility or mooring in the region shall pay to the council an annual navigation fee fixed herein.

3a	The navigation safety bylaw fee shall be payable on the number of berths available at the maritime facility, whether or not all berths are used. The council's Harbourmaster shall determine the number of berths available at any maritime facility.			
				GST Exclusive
3b	(1)		For every mooring, jetty, jetty berth, boatshed, boat ramp up to 15m x 4.5m, minor structure, and any group of piles with 74 berths or less owned by one organisation.	$63.04
	(2)		For every berth holder not otherwise included herein a fee for the recovery of the cost of the navigation safety equipment in the upper Hātea River, per berth.	$63.04
	(3)	a.	For every berth in a marina containing more than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 per berth.	$52.61
		b.	For every berth in marinas containing 24 or more, but less than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 plus GST per berth	$58.70
		c.	Swing and pile moorings owned by one person or organisation comprising 10 to 24 moorings (per mooring).	$63.04
	(4)		Boatsheds, per additional berth.	$63.04
	(5)		Community and boating club structures, jetties and non-commercial structures in the coastal marine area.	$63.04
	(6)		Marine farms.	$63.04
	(7)		Boat ramps/slipways over 15 metres and grids.	$125.65
	(8)		High use structures and jetties, marine-related, not more than 300m^2 in plan area within the coastal marine area.	$351.74
	(9)		High use commercial slipways with a maximum capacity of less than 50 tonnes.	$351.74
	(10)		High use structures and jetties, marine-related and more than 300m^2 but less than 1,000m^2 in plan area within the coastal marine area.	$1,527.39

	(11)	High use structures and jetties, marine-related and more than 1,000m^2 in plan area within the coastal marine area.		$2,703.04
	(12)	High use commercial slipways with a maximum capacity of more than 50 tonnes.		$2,703.04
	(13)	a.	Mooring license amendment fee. Any changes to the mooring license conditions, such as position, size or design of a mooring, or the maximum length of vessel allowed to use the mooring must be approved by the harbourmaster as required by the Navigation Safety Bylaws. The fee relates to the actual work involved in processing the application, including checking the effect on adjacent mooring holders.	$167.39
		b.	On-site assessment of moorings. Mooring holders who require an on-site assessment or inspection of their mooring, or proposed mooring, by the maritime staff for their own benefit will receive a fee based on the actual officer's time charged, at an hourly rate comprising actual employment costs plus a factor to cover administration costs (as per the staff charge rate table below).	
			Labour per hour (standard charge rates includes mileage)	$70.00
			Technician/Administrator	$82.50
			Officer Scale 1	$93.00
			Officer Scale 2	$103.50
			Officer Scale 3	$110.00
			Maritime Program Manager	$121.00
			Deputy Harbourmaster	$157.50
			Harbourmaster	
	(14)	Pursuant to the provisions of Navigation Safety Bylaw clause 3(1)(6), should any mooring licence fees or other charges due to the council under the provision of this bylaw remain unpaid for a period of 60 days, then the harbourmaster may remove, or cause to be removed, the mooring and detain the vessel using the mooring, until such fees and charges, including the cost of removing the mooring and storing eh vessel, have been fully paid and discharged. Should such debts have not been paid and discharged within a further 60 days, the council has the right to sell the mooring and/or vessel to recover the debt.		

4. Hot Work Permits

	GST Exclusive
For vessels alongside wharves or at anchor, per permit.	$75.65

5. Safe Operating Licences

	GST Exclusive
For all Northland harbours, unpowered craft not subject to a maritime rule and available for lease or hire, including: dinghies, kayaks, canoes, aqua-cycles, surf cats or similar commercially available craft, an inspection fee to verify the adequacy of procedures and safety equipment, up to one hour. Where inspection time exceeds one hour, the charge shall be at the rate of $70.00 per hour plus vehicle running costs at the rates approved from time to time by the Inland Revenue Department.	$75.65

6. Jet Ski Registration Fees

As resolved and prescribed by the Auckland Council which undertakes this function on behalf of the Northland Regional Council under delegated authority.

7. Pilotage and Shipping Navigation and Safety Services Fees

			GST Exclusive
7a	**Pilotage** (1)		
	(i)	**Inwards/outwards to wharf, Ōpua – per visit**	
		Where GT is greater than 500 but less than 3000	$1,574.35
		Where GT is greater than 3000 but less than 18,000	$3,043.91
	(ii)	**Ships to anchor in Bay of Islands – per visit**	
		Where GT is greater than 500 but less than 3000	$1,574.35
		Where GT is greater than 3000 but less than 18,000	$3,043.91
		Where GT is greater than 18,000 but less than 40,000	$3,632.61
		Where GT is greater than 40,000 but less than 100,000	$4,060.87
		Where GT is greater than 100,000	$4,487.83
7b	**Shipping – Navigation and Safety Services Fee per ship visiting the Bay of Islands regardless of which pilotage organisation or company actually services the vessel**		
	Where GT is less than 3000		$1.05/GT
	Where GT is greater than 3000 but less than 18,000		$3,043.91
	Where GT is greater than 18,000 but less than 40,000		$3,419.57
	Where GT is greater than 40,000 but less than 100,000		$3,739.57
	Where GT is greater than 100,000		$4,273.91
7c	**Shipping**		
	(i)	**Navigation and Safety Services Fee per ship visiting the Bay of Islands when the master is exempt from compulsory pilotage**	
		Up to 3000 GT	$1.05/GT
	(ii)	**Navigation and Safety Services Fee per ship visiting the Poor Knights Area to be avoided under Maritime NZ approval for exemption from applicable Marine Protection Rules.**	
		Over 45 metres length overall	$1.05/GT
7d	**Shipping – Navigation and Safety Services Fee per ship visiting Whangaroa Harbour except when the ship is also visiting the Bay of Islands during the same voyage.**		$1,049.57

8. Harbourmaster's Navigation Safety Services Fee

		GST Exclusive
8a	North Port Ltd.	$112,750.00

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1 *Charges for Bay of Islands apply for vessels entering inside the pilotage limits as marked on chart NZ 5125.*

8b	For water transport operators not serviced by a port company, at actual time and cost.	
8c	Where the actual costs on a labour time and plant recovery basis exceed the annual fee, the council will recover any balance on an actual cost basis.	

9. Applications for Reserved Area for Special Event (clause 3.13 of the Navigation Safety Bylaw 2012)

	GST Exclusive
Special Event Processing Fee	$152.17
The council shall recover from the applicant all actual and reasonable costs incurred in arranging for the publication of a public notice. These costs are additional to the above fee. Where the actual costs on a labour time and plant recovery basis exceed the annual fee, the council will recover any balance on an actual cost basis.	

10. Pilot Exemption Exam Fee

	GST Exclusive
Pilot Exemption Exam Fee	$391.30

11. All navigation and other fees specified herein are exclusive of Goods and Services Tax

The fees shall apply for the period 1 July 2014 to 30 June 2015 and will continue to apply until superseded by a subsequent bylaw change fixed by resolution and publicly notified or by the review required by section 158 of the Local Government Act 2002.

12. Standard charges under the Maritime Transport Act 1994 – Marine Tier 1 Oil Transfer Sites

		GST Exclusive
	Maritime Rule Part 130B requires that the operator of an oil transfer site obtain the approval for a site marine oil spill contingency plan from the director of Maritime New Zealand. The power to approve these plans has been delegated by the director to the Chief Executive Officer (sub–delegated to council employees) of the Northland Regional Council in an Instrument of Delegation pursuant to Section 444(2) of the Maritime Transport Act 1994. A Minimum fee will apply. Section 444(12) of the Maritime Transport Act 1994 allows the council to charge a person a reasonable fee for:	
12a	Approving Tier 1 site marine oil spill contingency plans and any subsequent amendments;	$260.86
12b	Inspecting Tier 1 sites and any subsequent action taken thereafter in respect of preparation of inspection reports or reporting on non-conformance issues.	
	A minimum fee is charged and further charges may apply based on officer’s actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs. Should travel be required, additional costs for mileage will be charged the standard rate as approved by the Inland Revenue Department.	

These bylaws were publicly notified pursuant to the Local Government Act 2002 and will be confirmed and sealed at a meeting of council on 16 June 2015. Following confirmation the bylaws will come into force on 1 July 2015.

Charging policy

Charging policy is reviewed annually. Fees and charges that require formal adoption under section 150 of the Local Government Act 2002 may be consulted on in conjunction of a Long Term or an Annual Plan. The fees set out in this policy will come into effect on 1 July 2015 and will continue until superseded. A copy of this charging policy will also be published on councils website.

INTRODUCTION

Local government legislation emphasises the "beneficiary pays" principle, i.e. those who benefit from the use of resources are expected to pay the costs of that use. Councils are therefore permitted to collect fees from private users of public resources, and to recover all or a portion of the costs for a range of services it performs in relation to those resources.

The law also acknowledges that some of the costs associated with administering the private use of public resources have a community benefit, and should therefore be met from the general rate. For example, the Northland Regional Council (the council) grants resource consents that allow organisations and individuals the private benefit to use public resources such as air, water or the coast. Where the benefits associated with consents are solely to applicants, they pay the associated costs in full. Where the benefits accrue more widely – such as in the case of environmental monitoring – then a portion of the associated costs is met through rates.

This document sets out the policies, fees and charges that are collected by the council from private beneficiaries for a range of services it performs.

The fees and charges set out in this document are consistent with the council's Revenue and Financing Policy, which sets out the funding and cost recovery targets for each council activity.

This document is divided into three sections:

- Part one: General principles and policy.
- Part two: Policies on charging and fees for specific activities and functions.
- Part three: Schedule of fees and charges.

PART ONE: GENERAL PRINCIPLES AND POLICY

1.1 Principles

1.1.1 Charges must be lawful – the council can only levy charges which are allowed by legislation. Section 13 of the Local Government Official Information and Meetings Act 1987 enables the council to charge for providing information sought under the provisions of the Act or the Official Information Act 1982.

Section 36 of the Resource Management Act 1991 (RMA) enables the council to fix charges for its various functions (refer to Section 2.2).

Section 150 of the Local Government Act 2002 enables the council to fix charges payable under its bylaws (namely the Navigation, Water Transport and Maritime Safety Bylaw Charges 2014) and charges for the provision of goods, services, or amenities in accordance with its powers and duties, e.g. recovering costs of responding to environmental incidents, and inspecting dairy farms operating under permitted activity rules for discharges to land.

Section 444(12) of the Maritime Transport Act 1994 allows the council to fix reasonable charges for its activities/services relating to "Tier 1 sites".

Section 243 of the Building Act 2004 enables the council to impose fees or charges for performing functions and services under the Act. It also allows the council to recover its costs from a dam owner should we need to carry out building work in respect of a dangerous dam.

Section 135 of the Biosecurity Act 1993 enables the council to recover its costs of administering this Act and performing the functions, powers, and duties provided for in this Act by such methods it believes on reasonable grounds to be the most suitable and equitable in the circumstances.

Under Section 227 of the Property Law Act 2007, the council can require a charge to cover reasonable legal or other expenses of the lesser in giving consent.

1.1.2 Charges must be reasonable - The sole purpose of a charge is to recover the reasonable costs incurred by the council in respect of the activity to which the charge relates. Actual and reasonable costs will be recovered from resource users and consent holders where the use of a resource directly incurs costs to the council. A contribution from the general rate meets a share of the cost where the community benefits from the council performing its role, e.g. environmental monitoring. For more information about the council funds and its activities from its various funding sources, please refer to its Revenue and Financing Policy.

Some charges imposed on consent holders are based on the full costs of the council's administration and monitoring of their consents, plus a share of the costs of its state of the environment monitoring activities that relate to the resource used by those consent holders.

1.1.3 Charges must be fair - Charges must be fair and relate to consent holders' activities. The council can only charge consent holders to the extent that their actions have contributed to the need for the council's work.

The council must also consider the benefits to the community and to consent holders when setting a charge. It would be inequitable to charge consent holders for resource management work done in the interests of the regional community and vice versa. We take this into account when setting the proportion of charges we wish to recover for state of the environment and compliance monitoring from an individual consent holder.

Wherever possible, the council will look for opportunities to streamline and improve processes to ensure that consent processing and compliance monitoring functions continue to be cost effective and efficient.

With regard to state of the environment monitoring, the council must also relate any charge to the effects of consent holders' activities on the environment (see RMA section 36(4)).

1.1.4 Charges must be uniformly applied - Charges will not vary greatly within classes of activities and within the context of the scale of the activity, except where environmental incidents and non-compliance with consent conditions incur additional supervision costs.

1.1.5 Charges must be simple to understand - Charges should be clear and easy to understand, and their administration and collection should be simple and cost effective.

1.1.6 Charges must be transparent - Charges should be calculated in a way that is clear, logical and justifiable. The work of the council for which costs are to be recovered should be identifiable.

1.1.7 Charges must be predictable and certain - Consent applicants and resource users are entitled to certainty about the cost of their dealings with the council. The manner in which charges are set should enable customers to evaluate the extent of their liability.

Resource users need to know the cost of obtaining and maintaining a consent in order to manage their business and to plan for future growth and development. Charges should not change unnecessarily; any charges must be transparent and fully justified.

1.1.8 The council must act responsibly - The council should implement its charging policy in a responsible manner. Where there are significant changes in charges, the council should provide advance warning and give consent holders the opportunity to make adjustments.

1.1.9 Resource use - The charges in this document support preferred resource use practises which as a consequence require less work to be undertaken by the council.

1.2 General policies

1.2.1 Time periods - The policies, formulae and charges set out in this document apply each year from 1 July to the following 30 June, or until replaced by new charges adopted during the Annual Plan or Long Term Plan special consultative procedure as prescribed by the Local Government Act 2002.

1.2.2 Annual charges shall apply from 1 July to the following 30 June each year, or until amended by the council.

1.2.3 Goods and Services Tax - The charges and formulae outlined in this document are *exclusive* of GST, except where noted otherwise.

1.2.4 Debtors - All debtors' accounts will be administered in accordance with this policy and outstanding debts will be pursued until recovered. Account offset will be considered on merit in situations where the council is indebted to the same person.

1.2.5 A **minimum annual charge** as set out in Section 3.6.1 to all consents other than bore permits, sewage discharge permits for individual dwellings, and new consents granted after 1 March each year when the minimum annual charge will be waived for the remainder of that financial year.

1.3 Policy on remission of charges

1.3.1 Council's fundamental position is that in general, all fees and charges set out in this document are to be met by the person who has invoked the service or activity that the fee or charge relates to (eg the consent applicant in the case of consent processing services or the consent holder in the case of consent administration, monitoring and supervision services).

1.3.2 The council can fix charges for recovering costs for consent processing, administration, monitoring and supervision services under section 36 of the Resource Management Act 1991. The council can also require the person liable for such a charge to pay an additional charge where the fixed charge is inadequate to recover its actual and reasonable costs in respect to the service concerned (s36(3) RMA). The person receiving the additional charge has the right to object to or appeal the charge under section 357(B) of the Act. The council also has the absolute discretion to remit the whole or any part of a charge made under section 36 (s36(5) RMA).

1.3.3 Where a person seeks to have any fee or charge set out in this document remitted that person may make an application in writing to the relevant department manager for the remission of the charge setting out in detail the applicant's case which may include financial hardship, community benefit or environmental benefit etc. In particular the council will look favourably on applications for waivers or remissions for consented activity that aids the delivery of council's maritime functions and duties

1.3.4 Where the application/consent relates to a structure, the remission of any charge will only be considered if that structure is available at no charge for public use.

1.3.5 Existing waivers or remissions issued under a consenting initiative shall be honoured for the term of the consent, but council reserves the right to review waivers and remissions should it consider any conditions or reasons for them have changed.

1.3.6 Decisions on applications shall be made by the relevant department manager, who may remit a charge in part or full, or decline the application. Decisions to decline the application or remit a charge in part only may be appealed in writing to the Chief Executive.

1.3.7 Where the appeal relates to an additional charge made under section 36 of the Resource Management Act, then the appeal shall be treated as an objection under section 357B unless, on being advised of this, the appellant does not wish to pursue the matter further.

1.3.8 Where the appeal relates to a fixed charge made under section 36 of the Resource Management Act, then the appeal shall be determined by an appropriately qualified certified RMA hearing commissioner "on the papers" or through a formal hearing, should the appellant wish to appear before the commissioner to support their appeal. The commissioner shall be appointed as per the council's standard procedure for appointing RMA hearing commissioners. The commissioner's decision on the appeal shall be final.

PART TWO: POLICIES ON CHARGING AND FEES FOR SPECIFIC ACTIVITIES AND FUNCTIONS

2.1 Provision of information and technical advice

The council recognises that it has a significant advisory and information role. The council has the right, under legislation, to recover the costs of providing certain information.

2.1.1 Information provided under the RMA – consents, hearings etc.

Pursuant to the Local Government Act, and sections 36(1)(e) and (f) of the Resource Management Act, the council may charge for the provision of information as follows:

2.1.1.1 Actual and reasonable charges will be made to cover the costs of making information and documents available, for the provision of technical advice and consultancy services. These costs will include:

a. Staff costs related to making the information available – i.e., officers' actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs (refer Section 3.2);

b. Any additional costs incurred, for example, photocopying, printing binding; and computer processing costs – refer to Section 3.11.10.

c. Where an inquiry requires less than 30 minutes of staff time, no staff costs will be charged. Additional costs of less than $10.00 will not be charged.

2.1.1.2 Consistency, distance, location - All time after the first half hour and any disbursements involved in providing information that confers a private benefit on the recipient(s) shall be recovered by way of invoicing the cost in line with the policy set out above. This policy is consistent with that applied in local government, except when information is requested under the Local Government Official Information Act (refer to Section 2.1.2).

There is no concession for time or distance travelled by the council's officers to provide technical information. No such concession is provided by other technical consultants.

Information given by telephone is to be treated exactly the same as information provided at an interview.

2.1.1.3 Advise the cost in advance - Officers must warn the person seeking information in advance, that a cost will be incurred after the first half hour, and the estimated cost per hour to be charged. This process allows the applicant to weigh the value of his/her requirements, and will effectively control the level of information sought and deflect frivolous requests.

The provision of information should be charged separately from the cost of processing any future resource application.

2.1.1.4 Community and environmental groups - Where an organisation clearly gains no economic or private benefit for its members from the information sought, then the free time available should be extended to one hour, and be treated on the same basis as requests under the Local Government Official Information and Meetings Act (refer to Section 2.1.2) unless a regulation or plan provides otherwise. Additional time and disbursements may be charged for, as a reasonable control mechanism, to avoid frivolous or indulgent requests at the ratepayers' cost. These requests should be referred to at least a Senior Programme Manager for a decision on charging.

2.1.1.5 Educational information and materials, and consent holders - When council officers are involved in Resource Management Act workshops or public promotions aimed at increasing the public's awareness of the Resource Management Act consent procedures, the council's environmental role, liaison on planning issues, etc., there is a benefit to the greater community as well as the people attending. Information provided in this context clearly falls within the educational role of the council and is not charged for.

2.1.1.6 Consent holders - All consent holders are entitled to information arising from the monitoring of their consents, including district councils and other corporate bodies.

Other information sought by district councils is to be assessed on individual merit, and referred to the Department Manager for a decision, to ensure political appropriateness.

2.1.2 Information provided under the Local Government and Official Information and Meetings Act

The Local Government and Official Information and Meetings Act enables the public to have access to official information held by local authorities because this is good for accountability and effective participation. However, official information and deliberations are protected to the extent that this is consistent with public interest and personal privacy. More information about the Act, including how to make a request for information and why it may be declined, is on the Office of the Ombudsman's website.

Section 13 of the Act provides for the recovery of the cost of making information available under the official information act. However, there are some exceptions to this, e.g. the council cannot charge the Inland Revenue Department for its information requests. The current charges are set out in Section 3.1.

Note: Under Section 13(1) of the official information act the council has 20 days to make a decision (and communicate it to the requestor) on whether we are granting or withholding the information, including how the information will be provided and for what cost. We will also tell the requester that they have the right to seek a review by an Ombudsman of the estimated charge. If the charge is substantial the requester may refine the scope of their request to reduce the charge. We may request a deposit be paid under the information act and the 2002 Charging Guidelines issued by the Secretary for Justice. We will recover the actual costs involved in producing and supplying information of commercial value. In stating our fee schedule we reserve discretion to waive a fee if the circumstances of the request suggest this is appropriate, for example in the public interest or in cases of hardship.

2.2 Resource Management Act 1991

2.2.1 Introduction

Under Section 36(1) of the Resource Management Act, the council may charge for costs associated with the following:

a. Processing resource consent applications, including requests made by applicants or submitters under Section 100A of the Act,

b. Reviews of consent conditions,

c. Processing applications for certificates of compliance and existing use certificates,

d. The administration, monitoring and supervision of resource consents,

e. Carrying out state of the environment monitoring,

f. Applications for the preparation of, or changes to, regional plans or policy statements, and

g. For providing information in respect of plans and resource consents and the supply of documents (also refer to Section 2.1.1).

2.2.2 Performance of action pertaining to charges

With regard to all application fees and amounts fixed under Section 36(1) of the RMA, the council need not perform the action to which the charge relates until the charge has been paid in full [RMA, Section 36(7)] except for charges under section 36(1)(ab)(ii).

2.2.3 Regulations/Crown charges

The council will apply Crown charges, which may be set from time to time by Order in the Council (Regulations). [Resource Management Act, Section 36(1)(g).]

2.2.4 Applications for resource consents, reviews of consent conditions, certificates of compliance and existing use certificates

2.2.4.1 Applicants will be charged for the actual and reasonable costs , including disbursements, of receiving and processing applications for resource consents, reviews of resource consent conditions under Sections 127 and 128 of the RMA or Sections 10, 20, 21 and 53 of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004, certificates of compliance and existing use certificates. These costs include:

a. A Fixed Initial Deposit on application as set out in Section 3.3.1 and **Staff Charge Rates** (which are rates derived from actual employment costs plus a factor to cover administration and general operating costs) charged at the relevant hourly rate as set out in in Section 3.2. These are minimum charges for resource consent applications and are charges ‘fixed’ under Section 36(1) of the RMA (they are therefore not subject to objection rights). All consent processing costs which exceed the fixed initial deposit are considered to be additional charges pursuant to Section 36(3) of the RMA and these may be progressively charged on a monthly basis or invoiced at the end of the consenting process. Prior to consideration of the application, the Chief Executive Officer is authorised to require an additional deposit of up to $20,000 for complex applications.

b. Hearings – The costs of pre–hearing meetings and hearings will be charged to the applicant. The costs of councillors who are members of hearing committees (panel) will be recovered as determined by the Remuneration Authority. Staff costs and hearing panel members’ fees or the actual costs of independent (non-councillor) commissioners at formal hearings will be charged.

Charges relating to joint hearings will be apportioned by the authorities involved, according to which authority has the primary role of organising the hearing.

Where a hearings panel has directed that expert evidence is pre-circulated then all persons who are adducing such evidence shall be responsible for providing the prescribed number of copies of such evidence to the council. In the event that the council needs to prepare copies of such evidence the person adducing the evidence will be charged for the copying.

Submitters that request that independent hearing commissioners under Section 100a of the RMA will also be charged a portion of the cost of those hearing commissioners in accordance with Section 36(1)(ab).

c. External costs disbursements will also be charged; for example advertising, legal and consulting advice, laboratory testing, hearing venues and incidental costs.

d. Withdrawn applications are subject to the minimum fees set out in Section 2.2.7(5), Section 3.3.1 or Section 3.4 as appropriate, or the actual costs of the work completed to the date of withdrawal (whichever is greater).

2.2.4.2 The final costs of processing each resource consent application will be based on actual and reasonable costs and will include the charging of staff time at the rates set out in Section 3.2 and disbursements. In the event that consultants are used to assist the council in processing resource consent applications, the actual costs of the consultants will be used in calculating the final costs.

2.2.4.3 All consent applications must be publicly notified if the consent authority decides that the activity for which consent is sought will have or is likely to have adverse effects on the environment that are more than minor. Where the adverse effects are considered to be minor the application will be processed on a limited notified basis unless written approval for the application has been provided from every person that the consent authority decides is adversely affected by the activity for which consent is sought, in which case the application will qualify to be processed on a non-notified basis.

2.2.4.4 Where an application is for multiple activities involving more than one type of consent , deposits are required for each type with the following exceptions:

a. The fee for land use consents for earthworks and/or vegetation clearance (including mining, quarrying, forestry, bridging and gravel extraction) also includes the water and discharge permits to divert and discharge stormwater where these are required;

b. The fee for discharge permits for sewage volumes greater than three cubic metres per day (e.g. communal subdivision systems, marae etc.) includes the associated discharge to air resource consent; and

c. The fee for discharge permits to discharge stormwater includes the associated water permit to divert stormwater.

Notwithstanding the above, the council may determine that other ‘packages’ of consent applications do not require individual deposits for each consent type.

2.2.4.5 The consent holder will be invoiced the amount of the deposit for reviews of consent conditions at the time the review is initiated by the Northland Regional Council.

2.2.4.6 There is a ‘fixed fee’ for applications for discharge permits for burning of specified materials , including vegetation, by way of open burning or incineration device (e.g. backyard burning). This fixed fee only applies to such applications if they are able to be processed on a non-notified basis and no additional charges will be invoiced for such applications even if the costs exceed the fixed fee. However, in the event that the application is required to be limited notified or publicly notified then the council will require the applicable fixed initial deposit for notified and limited notified applications (as outlined in Section 3.3.1 before notification of the application.)

2.2.4.7 The council will provide a discount, if applicable, on the administrative charges imposed under Section 36 of the RMA in accordance with the Resource Management Discount Regulations 2010 for all applications lodged on or after 31 July 2010.

2.2.5 Administration, monitoring and supervision of resource consents

2.2.5.1 Administration covers how the council records and manages the information it has on the resource consents it grants. The council is obliged to keep *"records of each resource consent granted by it"* under Section 35(5)(g) of the RMA, which must be *"reasonably available [to the public] at its principal office"* [Section 35(3) of the RMA]. The council keeps this information on hard copy files and electronic databases. The costs of operating and maintaining these systems are substantial.

The minimum annual resource consent charge set out in 3.6.3recovers some of the costs of the administration of resource consents.

2.2.5.2 Monitoring is the gathering of information to check consent compliance and to ascertain the environmental effects that arise from the exercise of resource consents. The council is obliged to *monitor "the exercise of the resource consents that have effect in its region"* under Section 35(2)(d) of the RMA.

2.2.5.3 Supervision covers functions that the council may need to carry out in relation to the ongoing management of resource consents. This can include the granting of approvals to plans and other documentation, review and assessment of self-monitoring *results* provided by the consent holder, provision of monitoring information and reports to consent holders, meetings with consent holders relating to consent compliance and monitoring, and participation in liaison and/or peer review groups established under consent conditions or to address issues relating to the exercise of resource consents.

In determining charges under Section 36 of the Resource Management Act, the council has given consideration to the purpose of the charges and the council's functions under the Act. It is considered that consent holders have both the privilege of using resources and responsibilities for any related effects on the environment. It is the council's role to ensure that the level of effects is managed, monitored and is acceptable, in terms of sustainable management and the community's values. The annual charges for the administration, monitoring and supervision of resource consents are based on the assumption that those consents will be complied with and exercised in a responsible manner.

Annual resource consent (management) charges will be based on a set minimum charge plus charges for consent monitoring and/or supervision undertaken by council staff. Where appropriate, a portion of costs associated with State of the Environment (SOE) monitoring of resources used by consent holders is also collected, e.g. the costs of running council's hydrological sites, water quality monitoring networks and associated surveys such as macroinvertebrate and fish monitoring. This particularly applies to water take consents, both surface and groundwater, and marine farms.

2.2.6 Invoicing non-scale fees

2.2.6.1 The majority of large-scale activities or activities with high potential adverse effects (where annual monitoring costs exceed $1,000 GST inclusive) and certain small-scale activities such as short-term earthworks/construction type consents, will be monitored, the results recorded/reported and subsequently invoiced to the consent holder on an actual and reasonable cost basis.

2.2.6.2 Invoices will be generated once the costs of any work have exceeded a prescribed sum. This will be determined by the scale of the activity. Costs will be invoiced in a timely manner during the progress of the work to ensure that large amounts of costs do not accrue, unless otherwise authorised by the consent holder.

2.2.6.3 In the case of significant water takes, charges will generally be invoiced annually in line with Section 3.6.6 and any further supervision charges will be invoiced on a regular basis as costs are incurred by council.

2.2.7 Timing

2.2.7.1 Invoicing of consent annual charges will be in the quarter following the adoption of the Long Term Plan or Annual Plan by the council or after monitoring of the consent has been undertaken (post billing).

2.2.7.2 In some cases, invoicing of charges may be deferred until after the council has completed all, or a significant portion, of its planned monitoring of a consent.

2.2.7.3 Where any resource consent for a new activity is approved during the year and will be liable for future annual charges, the actual costs of monitoring activities will be charged to the consent holder subject to Clause (5) below. Consents for activities in the Coastal Marine Area are also subject to the Navigation Water Transport and Maritime Safety Bylaw Charges.

2.2.7.4 In any case, where a resource consent expires, or is surrendered, during the course of the year and the activity or use is not ongoing, then the associated annual charge will be based on the actual and reasonable costs of monitoring activities to the date of expiry or surrender, and also the administrative/monitoring costs incurred as a result of the expiry/surrender of the consent.

2.2.7.5 Where a resource consent expires during the course of the year but the activity or use continues and requires a replacement consent, then the annual charges will continue to be applied.

2.2.8 Setting of annual resource consent (monitoring) charges

2.2.8.1 Basis of charges

a. The charges reflect the nature and scale of consented activities. In general, those activities having greater actual or potential effects on the environment require greater supervision and monitoring from the council. In setting these charges, the council has duly considered that their purpose is to recover the reasonable costs in relation to the council's administration, monitoring and supervision of resource consents and for undertaking its functions under Section 35 of the Resource Management Act. The estimated full costs of the council's supervision role and planned monitoring of consents will be recovered.

b. In respect of the council's administration role, a standard minimum annual charge will apply to cover some of the costs of operating and maintaining its consents-related information systems.

c. Where appropriate, a proportion of the costs of monitoring the state of the environment (Section 35(2)(a)) is incorporated in the charge to the consent holder. In such cases, the council has had particular regard to Section 36(4)(b)(iii), that is, the extent that the monitoring relates to the likely effects of the consent holder's activities or the extent that the likely benefit to consent holders exceeds the likely benefit of the monitoring to the community. The costs to the council associated with this activity may be shared between consent holders and the community. This recognises that there is value and benefit to the community of work the council undertakes with respect to monitoring the state of the environment. In the council's judgement this is a fair and equitable division.

To date, a state of the environment charge has been incorporated into the annual charges applying to consents for water takes, known as the (water take) resource user charge (refer to Section 2.2.9.2).

d. In relation to swing/pile moorings within the Marine 4 Management (MM4) Areas which meet the permitted activity criteria, the costs of providing council services will be recovered through the Navigation and Safety Bylaw Charges outlined in Sections 2.4.2 and 3.8.2.

e. In relation to swing/pile moorings outside the MM4 Areas without consent (non-consented), costs will be recovered through the Navigation and Safety Bylaw until consent is gained.

f. The charges for consents for minor to moderate activities are often based on scales (refer to Section 2.2.9.3). The general method for charging for large-scale activities is to apply the formulae in Section 2.2.9.5.

2.2.8.2 (Water take) resource user charge

a. Some of Northland's water resources are highly allocated and are under pressure. It is difficult to assess the natural flows/levels of water bodies as there is limited data available on water use and flows/levels in some areas. The National Policy Statement for Freshwater Management 2014 requires the council to set water quantity limits for all of Northland's water bodies.

b. In order to address this, the council developed a Sustainable Water Allocation Plan. This project requires ongoing resourcing by council to implement. The work provides benefit to both water users and the wider community. Much of the information provided by council's current hydrometric network is the basis for this work and as such, a part of the cost of running this network shall be recovered from water users through the (water take) resource user charge.

c. The details of this charge are outlined in Sections 3.6.1 and 3.6.6.

d. The resource user charge for water take consents for hydroelectric generation will be considered on a case by case basis because they can be substantial and complex in nature.

2.2.8.3 Other State of the Environment charges

a. Where appropriate, the addition of a specified amount which contributes towards the recovery of costs incurred by council as part of its state of the environment monitoring and/or the hydrometric network.

b. The estimated monitoring costs are then rounded to an appropriate sum which becomes the expected annual charge. These formulae and the historical cost data of monitoring like consents provides a reasonable estimate of the actual costs of monitoring consents each year and will be used to provide the expected costs of monitoring in the forthcoming years.

2.2.8.4 Scale charges

Scaled charges are attributed to consents for minor to moderate activities and the charge reflects the costs of administering and monitoring that class of consent and/or the actual and/or potential effects of the activity. The latter will reflect the resource affected by the consented activity. Scale charges relate to the following types of consents:

Type of consent	Charges
Water takes fee scale	Refer to Section 3.6.1
Minor to moderate discharges to air and water and small to moderate-scale discharges to land, and land use activities including quarries	Refer to Section 3.6.3
Farm dairy effluent discharges (Refer to Section 3.7.2 for non-consented discharges)	Refer to Section 3.7.3
Coastal structures (post construction or installation)	Refer to Section 3.6.4
Coastal structures (construction or installation phase)	Refer to Section 3.7.4
Land use consents for boating-related structures in waters upstream of the coastal marine area (post construction)	Refer to Section 3.6.5

2.2.8.5 Large-scale activities

a. Consents that do not fall into the classes listed in Section 2.2.9.3 will be for larger-scale activities or activities with high potential adverse effects (estimated compliance monitoring costs of $1,000 and over per year inclusive of GST). In most cases these consents will generally be subject to comprehensive monitoring programmes, regular inspections and involve routine sampling and testing or audit monitoring functions and/or contribute towards the costs of the council's State of the Environment monitoring as is the case for water take consents. Large-scale activities may require more monitoring inspections. As the sampling and testing requirements for these consents will vary, so too will the costs incurred by the council to carry out those monitoring programmes.

b. Annual charges for the monitoring of these consents is calculated using the following formulae and/or the actual and reasonable historical costs:

Labour (refer to Section 3.2)
+ Sampling and testing
+ Sampling and testing
+ Monitoring equipment
+ Administration
+ State of the Environment monitoring charge/resource user charge (refer to section)

Labour (refer to Section 3.2)
= ANNUAL CHARGE

c. Holders of consents for large-scale activities will generally be invoiced the actual and reasonable costs of monitoring during the progress of the work.

2.2.9 Additional monitoring/supervision charges

2.2.9.1 Where non-compliance with resource consent conditions is encountered, or not programmed, additional monitoring is necessary the costs will be recovered in addition to the set annual charge.

2.2.9.2 The purpose of additional supervision charges is to recover costs of additional supervisory work that is required to be undertaken by council when people, including consent holders, do not act in accordance with consents or council's rules relating to resource use.

2.2.9.3 Additional supervision charges relate to those situations where consent conditions are not being met or adverse effects are resulting from the exercise of a consent; or unauthorised activities are being carried out.

2.2.9.4 When consent non-compliance or an unauthorised activity is found, the person is, if possible, given the opportunity to remedy the situation and is informed that costs of additional supervision will be recovered. Such activity may also be subject to infringement notices, enforcement orders or prosecutions.

2.2.9.5 Charges for additional supervision will be calculated on an actual and reasonable basis.

2.2.9.6 The costs that make up the charge will include:

a. Labour costs; officers' actual recorded time spent, including travel time, in following up the non-compliance matter or unauthorised activity (charged at the appropriate hourly rate listed in Section 3.2); plus

b. Any sampling and testing costs incurred; plus any equipment costs (excluding vehicle running costs) associated with the monitoring of the non-compliance; plus

c. Any external costs incurred (e.g. external consultants, hire of clean-up equipment).

d. For consent holders only, no additional supervision charge will be applied where the annual charges for their consents are sufficient to cover the costs incurred in following up their consent non-compliance.

e. In the case of water takes, annual charges are estimated on the basis of normal summer flows and consequently during drier than normal years further monitoring may be required in the form of flow, water level and/or water abstraction measurements. The costs of this further work will be charged to the consent holder in the form of additional supervision charges as outlined above.

2.2.10 Charges for emergency works

Under Section 331 of the Resource Management Act, the council may charge for the costs associated with any emergency works required for the:

a. Prevention or mitigation of adverse environmental effects;

b. Remediation of adverse effects on the environment; or

c. Prevention of loss of life, injury, or serious damage to property.

The costs charged will be the actual and reasonable costs incurred by council to do the works.

Charges for labour, supply of information and the council plant and equipment are detailed in Sections 3.2 and 3.11.

2.2.11 Changes in resource consent status

a. Where any resource consent is approved during the year, and will be liable for annual charges, the actual costs of monitoring activities will be charged to the applicant. The annual minimum fee will continue to apply per the council's policy in Section 2.2.7.

b. For large-scale activities where a resource consent expires, or is surrendered, during the course of the year and the activity or use is not on-going, then the associated annual charge will be based on actual and reasonable costs incurred to the date of expiry or surrender, including costs incurred as a result of monitoring and administration activities associated with the expiry or surrender of the consent. The annual minimum fee will continue to apply.

c. Where a resource consent expires during the course of the year but the activity or use continues and is subject to a replacement process, then the annual charges will continue to apply.

2.2.12 Charges set by regional rules

2.2.12.1 When developing a regional plan, the council may create regional rules to prohibit, regulate or allow activities. These rules may specify permitted activities, controlled activities, discretionary activities, non-complying activities, prohibited activities and restricted coastal activities.

2.2.12.2 Permitted activities are allowed by a regional plan without a resource consent, if the activity complies with any conditions, which may have been specified in the plan. Conditions on a resource consent may be set in relation to any matters outlined in Section 108 of the Resource Management Act. They may include a specific condition relating to a financial contribution (cash, land, works and services) for any purpose specified in a plan.

2.2.12.3 The council therefore reserves the right to set other charges pursuant to regional rules in regional plans. These charges will include staff costs for giving evidence in a New Zealand court; matters pertaining actions required under the Maritime Transport Act 1994 or Biosecurity Act and any other regulated activities. Any new charges would be notified through the public process required for a regional plan prior to its approval.

2.2.12.4 Actual and reasonable costs will be charged for fees set by regional rules. These costs will include:

a. **Staff costs** – Officers' actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs. (See Staff Charge Rates in Section 3.2)

b. **Hearings** – The costs of pre-hearing meetings and hearings will be charged to the applicant. Council members' hearing costs will be recovered as determined by the Remuneration Authority. Staff costs and committee members' fees or the actual costs of independent commissioners at formal hearings will be charged.

c. For applications relating to restricted coastal activities, the applicant will also be charged the council's costs of the Minister of Conservation's representative. Charges related to joint hearings will be apportioned by the authorities involved, according to which authority has the primary role of organising the hearing.

d. External costs, disbursements, are additional to the above charges, for example advertising, consulting and legal advice, laboratory testing, hearing venues and incidental costs.

2.2.13 Preparing or changing a policy statement or plan

2.2.13.1 Any person may apply to the council for the preparation of or change to a regional plan. Any minister of the crown or any territorial authority of the region may request a change to a policy statement.

2.2.13.2 When considering whether costs should be borne by the applicant, shared with the council, or borne fully by the council, the following will be taken into account:

a. the underlying reason for the change; and

b. the extent to which the applicant will benefit; and

c. the extent to which the general community will benefit.

2.2.13.3 For the receipt and assessment of any application to prepare or change a policy statement or plan, actual and reasonable costs will be recovered. The charging policies are outlined below:

a. All applicants will be required to pay a deposit set out in Section 3.4 based on the expected costs of receiving and assessing the application, up to but not including the costs of public notification. Actual and reasonable costs based on an hourly rate set out in Section 3.2, mileage and disbursements will be included in the deposit. Any additional costs incurred in processing the application will be invoiced to the applicant.

b. For any action required to implement a decision to proceed with the preparation or change to a policy statement or plan, a deposit as set out in Section 3.4 shall be made for the costs of public notification. This will be followed by a case-by-case assessment of where the costs should fall. Any costs charged will be invoiced monthly from the date of public notification.

Prior to public notification, an estimate of total costs will be given to the applicant. The applicant will have the option of withdrawing the request on receipt of notice of the estimated costs.

Withdrawn requests are subject to payment of the actual and reasonable costs of relevant work completed to the date of withdrawal.

2.3 Local Government Act 2002 (land and resources)

The charges for the following council activities/services have been set according to Section 150 of the Local Government Act:

2.3.1 Monitoring/inspections of permitted activities

Charges are payable to recover the costs of inspections of permitted activities to determine compliance with the permitted activity rules in the regional plans. The inspections are conducted in order that adequately carries out its functions and responsibilities under Sections 30, 35 and 36 of the Resource Management Act.

2.3.1.1 Farm dairy effluent discharges

a. Administration costs incurred will be charged in addition to the costs of the site visit/inspections, plus the actual and reasonable cost of any specific water quality testing and/or enforcement action required (see Section 3.7).

b. Where there is a need for two officers to attend, the costs of both officers will be recovered.

c. The charges are listed in Section 3.7.2.

d. For charges for consented farm dairy effluent discharge consents, refer to Section 3.7.3.

2.3.1.2 Other permitted activities

a. The costs of the site visit/inspections, plus the actual and reasonable cost of any specific water quality testing and/or enforcement action required will be charged.

b. The charges are listed in Sections 3.2 and 3.11.

2.3.2 Environmental incidents

Where a person (or persons) carries out an activity in a manner that does not comply with Sections 9, 12,13, 14, 15, 315, 323, 328 or 329 of the RMA, the council will charge that person (or persons) for the actual and reasonable cost of any inspection/investigation it undertakes in relation to the activity. This cost may include:

a. Time spent by the council staff identifying and confirming the activity is taking or has taken place.

b. Time spent by council staff identifying and confirming the person(s) responsible for causing or allowing the activity to take place or to have taken place.

c. Time spent by council staff alerting and informing the person(s) of their responsibilities in relation to the activity, including any guidance or advice as to how any adverse effects of the activity might be managed.

d. Staff travel time and vehicle mileage.

e. Costs of any specific testing of samples taken.

f. Costs of professional services contracted to assist in the inspection/investigation of the activity.

g. Clean up costs and materials.

The council will only charge for time spent that exceeds 30 minutes. Travel time will be included in the calculation of that time.

Where an incident occurs on a site that 'holds' a resource consent and a breach of consent conditions is confirmed, then this section does not apply. Any actual and reasonable costs incurred in the investigation of the incident will be recovered as additional consent monitoring charges.

2.3.3 Investigation of land for the purposes of identifying and monitoring contaminated land

The council is responsible for identifying and monitoring contaminated land under Section 30(1)(ca) of the RMA. Council will recover the costs of inspections plus the actual and reasonable cost of site investigations including any specific testing of samples taken. Staff charge rates, sampling and equipment costs are outlined in Sections 3.2 and 3.11.

2.4 Maritime activities

These charges – which the council is enabled to set under a number of legislative instruments – are presented together for the purposes of clarity.

2.4.1 Charges for maritime-related incidents (Local Government Act 2002)

These charges are made to recover the costs incurred by the council as a result of staff responding to any incident that causes or may have the potential to cause, adverse environmental effects or effects on navigation and safety. The response action taken by council staff may include, but will not be limited to, monitoring, inspection, investigation, clean-up, removal, mitigation and remediation works. Actual costs for consumables, plant and equipment used/hired during a response will also be charged in addition to staff hours (as set out in Section 3.2) as appropriate.

For incidents occurring outside normal business hours, a minimum call out fee of three hours at staff charge rates shall apply (includes oil spill response, training exercises, and emergency response).

2.4.2 Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw Charges 2014 (Local Government Act 2002)

a. This bylaw regulates navigation, water transport and maritime safety in Northland.

b. The charges specified in the Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw are collected for functions, duties, powers or services carried out by the council and must be paid on demand by the specified person or owner, to the council.

c. The current bylaw is available on the council's website or from council offices.

d. The current charges are set out in Section 3.8.2.

e. The fees and charges collected under the bylaw contribute to the upkeep of the region's maritime services, e.g. the harbourmaster, buoys and beacons, etc.

2.4.3 Standard charges for Marine Tier 1 Oil Transfer Sites (Maritime Transport Act 1994)

2.4.3.1 Maritime Rule Part 130B requires that the operator of an oil transfer site obtain the approval for a site marine oil spill contingency plan from the Director of Maritime New Zealand. The power to approve these plans has been delegated by the director to the Chief Executive Officer (sub-delegated to council employees) of the Northland Regional Council in an Instrument of Delegation pursuant to Section 444(2) of the Maritime Transport Act 1994.

2.4.3.2 Section 444(12) of the Maritime Transport Act 1994 allows the council to charge a person a reasonable fee for:

a. Approving Tier 1 site marine oil spill contingency plans and any subsequent amendments.

b. Inspecting Tier 1 sites and any subsequent action taken thereafter in respect of preparation of inspection reports or reporting on non-conformance issues.

2.4.3.3 Basic fee – the council will charge a minimum fee as set out in Section 3.8.3, and any additional staff costs.

2.4.3.4 Additional staff costs – in addition to the basic fee set out above, additional charges may be applied for staff costs. The costs are based on officers' actual recorded time charged at an hourly rate set out in Section 3.2 of this document, comprising actual employment costs plus a factor to cover administration and general operating costs. Should travel be required, additional costs for mileage will be charged at the standard rate as approved by the Inland Revenue Department.

2.5 Building Act 2004

2.5.1 Section 243 of the Act specifically allows for the council to impose a fee or charges for:

a. Issuing a project information memorandum.

b. The performance of any other function or service under this Act.

c. Recovering its costs from the owner if it carries out building work under Section 156 of this Act.

d. Where a fee or charge is payable for the performance of a function or service, then the council may decline to perform the function or service, unless the fee or charge is paid.

2.5.2 Costs incurred beyond the minimum estimated charges are to be recovered on the basis of actual and reasonable costs incurred by the council.

2.5.3 The minimum fees for the different consent activities are set out in Section 3.5.

2.5.4 Charges fixed under the Building Act 2004 are resolved by the council and fixed pursuant to the Local Government Act 2002 process until subsequently amended.

2.5.5 Policies set out in Section 3.5 also apply to Building Act applications.

2.5.6 All applications for a project information memorandum and a building consent, as well as the issuing of notices to rectify will be subject to a minimum estimated charge as set out in Section 3.5.

2.5.7 Charges for Building Act functions other than the issuing of project information memoranda and building consents will be charged a set fee per individual element, or on the basis of actual and reasonable cost, as set out in Section 3.5.

2.5.8 These functions include the issue of compliance schedules, requests for information on building consent applications, extension of valid term, actions re dangerous buildings, inspections and technical processing.

2.5.9 The "Minimum Estimated Charge" is payable upon application for a PIM/LIM. Final actual and reasonable costs are payable upon uplifting the PIM/LIM based on staff charge rates in Section 3.2.

2.5.10 Building consents and certificates of approval - Incorporating receipt of a building consent application, the issue of a building consent, including project information memorandum, payment of a building research levy and/or Department of Building and Housing levy (where applicable) and the issue of a code of compliance certificate (where applicable).

2.5.11 Dams - Under section 244 of the Building Act 2004, council has decided to transfer the Building Act functions for consenting dams to the Waikato Regional Council. Fees will be charged in accordance with the Fees and Charges policy set by Waikato Regional Council. All fees and charges for consent processing will be invoiced directly to the applicant by Waikato Regional Council.

2.5.12 Requests for information on building consents - Charges will be the actual and reasonable costs based on staff charge rates shown in Section 3.2.

2.5.13 Technical processing and the exercising of other functions, powers and duties under the Building Act 2004 - For technical processing and other functions under the Building Act, full costs over and above the deposit will be recovered in accordance with the additional hourly charges.

2.5.14 All charges are payable upon invoice, provision of service or upon the exercise of the function, power or duty. Progressive charging may be used where costs are greater than $500 (excluding GST).

2.5.15 When building consent non-compliance or an unauthorised activity is found, the person is, if possible, given the opportunity to remedy the situation and is informed that costs of additional supervision will be recovered. Such activity may also be subject to infringement offence notices, enforcement orders or prosecutions.

2.5.16 An enforcement officer who observes a person committing an infringement offence or has reasonable cause to believe that an infringement offence is being or has been committed is authorised and warranted under Section 229 of the Building Act 2004 to issue an infringement notice

2.6 Biosecurity Act 1993

2.6.1 Regional Pest Management Strategies Cost Recovery Policy

Section 135 of the Biosecurity Act provides regional councils with options to recover the costs of administering the Act and performing the functions, powers and duties under a pest management strategy. The mechanisms include user charges and cost recovery in the event of non-compliance with a legal direction.

2.6.2 Request for work

An authorised person may request any occupier to carry out specified works or measures for the purposes of eradicating or preventing the spread of any pest in accordance with the Northland Regional Pest Management Strategies.

2.6.3 Legal directions

An authorised person may issue a legal direction to any occupier to carry out specified works or measures for the purposes of eradicating or preventing the spread of any pest in accordance with a Northland Regional Pest Management Strategies. The legal direction shall be issued under Section 122 of the Biosecurity Act and specify the following matters:

a. The place in respect of which works or measures are required to be undertaken;

b. The pest for which the works or measures are required;

c. Works or measures to be undertaken to meet the occupier's obligations;

d. The time within which the works or measures are to be undertaken;

e. Action that may be undertaken by the management agency (generally the council) if the occupier or occupiers fail to comply with any part of the direction;

f. The name, address, telephone number and fax number of the management agency and the name of the authorised person issuing the legal direction.

2.6.4 Failure to comply with a legal direction

Where a legal direction has been given to an occupier under Section 7.5 of the Northland Regional Pest Management Strategies and the occupier has not complied with the requirements of the legal direction within the time specified, then the council may enter onto the place specified in the legal direction and carry out, or cause to be carried out, the works or measures specified in the legal direction, or such other works or measures as are reasonably necessary or appropriate for the purpose of giving effect to the requirements of the legal direction.

2.6.5 Recovery of costs incurred by management agency

Where the council undertakes works or measures for the purposes of giving effect to the requirements of a request for work or a legal direction it shall recover the costs incurred from the occupier pursuant to Sections 128 and 129 of the Biosecurity Act and may register the debt as a charge against the certificate of title for the land.

2.6.6 Regional Pest Management Strategy (pest management strategy) for nassella tussock

This strategy adopted by the council on 20 July 2010, pursuant to Section 77 of the Biosecurity Act 1993, supersedes the former Operative Northland Regional Pest Management Strategy for nassella tussock adopted in 16 July 2003. The strategy continues the funding policy of the former operative strategy, which identifies the regional benefits of eradicating nassella tussock but also recognises benefits to the occupiers of infested properties. It now includes rules for the recovery of costs incurred by the council.

To recognise the regional benefit of eradicating nassella tussock, the council may recover part of the costs of ranging and grubbing infested land from the owner/occupier of the land. The portion of the staff charge rates (as set out in Section 3.2) recovered is as follows:

> **Category I** – Surveillance sites, that is sites found free of nassella for the preceding three or more years. No cost recovery.
>
> **Category II** – Sites where nassella is still being found but which have been permanently retired from grazing and on which there is a full canopy cover of indigenous scrub or forest, or such a cover is being actively encouraged. No cost recovery.
>
> **Category III** – Sites where nassella is still being found but which are being managed to encourage a dense, well grazed pasture with easy access and no obstructions which prevent plants being seen. Twenty percent cost recovery.
>
> **Category IV** – Active sites with major obstructions to access and visibility. Typically non or lightly grazed pasture with less than 10% scrub or scrubby weeds. Forty percent cost recovery.
>
> **Category V** – Active sites with major access problems and obstructions to visibility. Typically reverted pasture with greater than 10% cover of gorse or scrub, unpruned pine forest and long grass or scrub under storey or pine forest with heavy pruning and/or thinning slash. Sixty percent cost recovery.

2.7 Property Law Act 2007

Under the Property Law Act 2007, the council can require a charge to cover reasonable legal or other expense of the lesser in giving consent. The charges are set out in Section 3.10.

PART THREE: SCHEDULES OF FEES AND CHARGES

3.1 Local government official information

In some cases, the council is permitted to charge for the provision of official information. Requesters will be advised in advance if the council decides to apply a charge.

Black and white photocopying or printing on standard A4 or foolscap paper where the total number of pages is in excess of 20 pages will be charged out at 20 cents for each page after the first 20 pages. All other photocopying and printing charges will recover the actual and reasonable costs involved.

For staff time	$ inclusive GST
First hour	No charge
Additional hours	Ministry of Justice, Charging Guidelines
First half hour (after the initial free hour)	38.00
Per hour	76.00

See also Section 3.3.2 for charges relating to the supply of information provided under the Resource Management Act 1991.

3.2 Staff charge rates

Charges are applicable for a range of services performed by council staff:

- Processing of consents under the Resource Management Act 1991.
- Environmental and consent monitoring of:
    - Large-scale activities;

  - Permitted activities; and
  - Contaminated land.

- Technical assessment and administration of functions\under the Building Act 2004.
- Eradication of nassella tussock in accordance with the Regional Pest Management Strategy provisions.
- Maritime-related incidents.
- Mooring inspections/assessments.
- Preparing or changing a policy statement or plan.

Description	Hourly rate $ excluding GST
Monitoring Technician/Administrator Secretarial/administration Technician/Administrator Biosecurity Technician/Administrator	70.00
Monitoring Officer Scale 1 Consents Officer Scale 1 Policy Analyst Officer Scale 1 Biosecurity Officer Scale 1	82.50
Monitoring Officer Scale 2 Consents Officer Scale 2 Policy Specialist Officer Scale 2 Biosecurity Officer Scale 2 Maritime Officer	93.00
Monitoring Officer Scale 3 Consents Officer Scale 3 Officer Scale 3 Biosecurity Officer Scale 3	103.50
Senior Monitoring Officer Scale 1 Programme Manager Scale 1 Senior Officer – Scale 1 Senior Biosecurity Officer Scale 1 Maritime Programme Manager	110.00

Description	Hourly rate $ excluding GST
Senior Monitoring Officer Scale 2 Senior Programme Manager Programme Manager Scale 2 Senior Officer – Scale 2 Senior Biosecurity Officer Scale 2 Deputy Harbourmaster	121.00
Manager Harbourmaster	157.50
Consultants	Actual Costs

Notes:

Where there is a need for two or more officers to attend, the costs of all officers will be recovered.

Labour costs for the council's staff not specified in this policy will be charged at an hourly rate determined from actual employment costs, including overtime rates if applicable, plus a multiplier to cover overheads and any internal costs incurred. Resource consent applications

3.2.1 Resource consent applications - fixed initial deposits

Schedule of fixed initial deposits

Description	Fixed initial deposit $ excluding GST	$ including GST
Notified and limited notified applications		
• Coastal Permits (excluding moorings), Land Use Consents, Water Permits, and Discharge Permits	2,734.00	3,144.00
• Moorings	1,367.00	1,572.00
New non–notified applications		
• Coastal Permits (excluding moorings), Land Use Consents (excluding Bore Drilling Permits), Water Permits, and Discharge Permits (including Farm Dairy Effluent and Domestic On–site Wastewater)	729.00	838.50
• Moorings	501.00	576.00
• Bore Drilling Permits	300.00	345.00
• plus per additional bore	31.00	35.50
• **Fixed Fee** for Discharge Permit for burning of specified materials, including vegetation, by way of open burning or incineration device (e.g. backyard burning) (see Note 7)	54.78	63.00
Replacement non–notified applications		

Description	Fixed initial deposit $ excluding GST	$ including GST
- Coastal Permits (excluding moorings), Land Use Consents, Water Permits, and Discharge Permits (excluding Domestic On–site Wastewater)	638.00	734.00
- Moorings	410.50	472.00
- Domestic On–site Wastewater Discharge Permits	456.00	524.50
Certificate of compliance	410.50	472.00
Existing use certificate	410.50	472.00
Transfer of consents from the consent holder to another person (payable by the person requesting the transfer)	70.43	81.00
Transfer existing water permit between sites within catchment		
- Notified (including limited notification)	638.50	734.00
- Non-notified	400.00	460.00
S127 Change or cancellation of consent conditions		
- Notified (including limited notification)	956.50	1,100.00
- Non-notified	410.00	471.50
Request to review deemed coastal permit to reflect actual space (off-site review) under s53 of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004		
- Notified (including limited notification)	2,733.91	3,144.00
- Non–notified	729.00	838.50
S128 Review of consent conditions, and review of deemed coastal permits under S10(4), 20(3) and 21(3) of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (see Note 7)		
- Notified (including limited notification)	956,.50	1,100.00
- Non-notified	410.00	471.50
Extension of period until a consent lapses	253.00	291.00
Hearing costs (per hearing day per committee member) **at hourly rates set by the Remuneration Authority*** or the **actual costs** of independent Commissioners.	(Per RA)	
* Determination dated 1 July 2006 of consent hearing fees payable and defining the duties covered by the fee or excluded, currently $68 per hour (committee Member) and $85 per hour (chairman).		
Mooring licence amendment fee	167.50	192.50
Requests by applicants and/or submitters for independent commissioner(s) to hear and decide resource consent applications as provided for by s100A(2) of the RMA: - In cases where only the applicant requests independent commissioner(s), all the costs for the application to be heard and decided will be charged to the applicant. - In cases where one or more submitter requests independent commissioner(s), the council will charge as follows:		

Description	Fixed initial deposit $ excluding GST	$ including GST
- The applicant will be charged for the amount that the council estimates it would cost for the application to be heard and decided if the request for independent commissioner(s) had not been made; and a. The requesting submitters will be charged equal shares of any amount by which the cost of the application being heard and decided in accordance with the request exceeds the amount payable by the applicant outlined in a) above. - Notwithstanding the above, in cases where the applicant **and** any submitter(s) request independent commissioner(s) all the costs for the application to be heard and decided will be charged to the applicant.		

Note: Approved resource consents attract annual charges. For Building Consent Application Fees – Refer Section 3.5.

3.2.2 Photocopying costs for information provided under the RMA – consents, hearings etc.

See also Section 3.1 for charges relating to the supply of information provided under the Local Government Official Information and Meetings Act 1987.

3.3 Application to prepare or change a policy statement or plan

Deposit required for receipt and assessment of any application to prepare or change a policy statement or plan.

Deposit required to implement a decision to proceed with the preparation or change to a policy statement or plan for the costs of public notification.

3.4 Building Act 2004

Charges fixed under the Building Act 2004 are resolved by the council and fixed pursuant to the Local Government Act 2002 process until subsequently amended.

3.4.1 Project and Land Information Memoranda (PIM/LIM)

Estimated value of work	Minimum estimated charge (MEC) excluding GST	(MEC) including GST
All applications	$1,095.00	$1,259.50

Notes:

1. MEC is payable upon application for a PIM/LIM.
2. Final actual and reasonable costs are payable upon uplifting the PIM/LIM based on standard labour charges in Section 4 of this appendix.

3.4.2 Building consents and certificates of approval

Incorporating receipt of a building consent application, the issue of a building consent, including project information memorandum, payment of a Building Research Levy and/or Department of Building and Housing Levy (where applicable) and the issue of a code compliance certificate (where applicable).

Under section 244 of the Building Act 2004, council has decided to transfer the Building Act functions for consenting dams to the Waikato Regional Council. Fees will be charged in accordance with the fees and charges policy set by Waikato Regional Council. All fees and charges for consent processing will be invoiced directly to the applicant by Waikato Regional Council.

3.4.3 Requests for information on building consents

Charges will be the actual and reasonable costs based on standard labour charge rates shown in Section 4 of this appendix.

3.4.4 Technical processing and the exercising of other functions, powers and duties under the Building Act 2004

For technical processing and other functions under the Building Act full costs over and above the deposit will be recovered in accordance with the additional hourly charges.

Function	Deposit including GST	Hourly charge for exercise of functions or to recover additional costs
Action to be taken in respect of buildings deemed to be dangerous or insanitary		Standard labour charge rates shown below.
Issue of a Notice to Fix		Minimum charge of $97.00 and further charges for inspections and other action to confirm compliance based on standard labour charge rates shown over page.
Lodge Building Warrant of Fitness	$109.00	Standard labour charge rates shown over page.
Amendment to compliance schedule	$1,094.50	Standard labour charge rates shown over page. Actual and reasonable for expert advice.
Building Warrant of Fitness audit		Standard labour charge rates shown over page.
Certificate of Acceptance	Large dam (above $100,000 value) $4,377.00. Medium dam ($20,000 – $100,000 value) $2,188.50. Small Dam ($0 to $20,000 value) $545.50.	Standard labour charge rates shown below. Actual and reasonable for expert advice.
Lodge dam potential impact category	$109.00	Standard labour charge rates shown below.
Lodge dam safety assurance programme	$109.00	Standard labour charge rates shown below.
Lodge annual dam safety compliance certificate	$109.00	Standard labour charge rates shown below.
Other functions		Standard labour charge rates shown below.

3.5 Annual charges

3.5.1 Minimum annual charge

3.5.2 Water takes charge scales

Scale of annual charges for water takes

Note: Section 3.6.6 identifies water take consents that have charges set outside these scales.

Fee level	Description/Criteria	Administration charge $ including GST	Compliance monitoring/ supervision $ including GST	Resource user charge $ including GST	Total annual charge $ including GST
M001 RUC001	1. Negligible potential effect: minor abstraction from water resource low level of allocation and limited future potential demand; no water use returns; limited benefit from existing State of Environment monitoring. (Minimum fee)	100.50	0.00	25.50	126.00

Fee level	Description/Criteria	Administration charge $ including GST	Compliance monitoring/ supervision $ including GST	Resource user charge $ including GST	Total annual charge $ including GST
ADM001 WAT001 RUC002	2. Minor potential effect: minor abstraction from water resource with low to moderate level of allocation; moderate abstraction from water resource with low level of allocation; water use returns; small benefit from existing State of Environment monitoring and limited monitoring in the catchment.	100.50	26.50	76.00	203.00
ADM001 WAT002 RUC003	3. Moderate potential effect: minor abstraction from water resource with moderate to high level of allocation; moderate abstraction from a water resource with moderate levels of allocation; major abstraction from water resource with low level of allocation; water use returns, resource monitoring by consent holder; moderate benefits from existing State of Environment monitoring, data likely to be used for flow allocation management purposes and/or replacement of consent.	100.50	59.50	150.50	310.50
ADM001 WAT003 RUC004	4. Medium potential effect: moderate abstraction from water resource with high level of allocation; major abstraction from resource with moderate level of allocation; water use returns, resource monitoring by consent holder; continuation flow conditions; existing State of Environment monitoring has greater benefits to consent holder for management, security of supply and/or replacement of consent; total estimated staff time relating to monitoring, supervision and reporting of compliance 1–2 hours.	100.50	134.50	252.00	487.00
ADM001 WAT004 RUC004	5. Medium potential effect – moderate inspection time: same criteria as Category 4. However, total estimated staff time relating to monitoring, supervision and reporting of compliance 2–3 hours.	100.50	207.00	252.00	559.50
ADM001 WAT005 RUC004	6. Medium potential effect – significant inspection time: same criteria as Category 4 but total estimated staff time relating to monitoring, supervision and reporting of compliance 3–4 hours	100.50	281.00	252.00	633.50
ADM001 WAT006 RUC005	7. Medium to high potential effect – significant inspection time: moderate to major abstraction from resource with high level of allocation. Significant total estimated staff time for inspection and/flow monitoring and consent compliance >4 hours; existing State of Environment monitoring has considerable benefits to consent holder for management, security of supply and/or replacement of consent.	100.50	340.50	440.50	881.50
ADM001 WAT007 RUC006	8. High potential effect – significant inspection time: major abstraction from resource with high level of allocation. Significant total estimated staff time for inspection and/flow monitoring and consent compliance >4 hours; existing State of Environment monitoring has direct benefits to consent holder for management, security of supply, replacement of consent, and specific compliance monitoring of consent.	100.50	416.00	881.50	1,398.00

3.5.3 Minor to moderate discharges to air, water and land, and land use activities including quarries

Scale of annual charges for consents for minor to moderate discharges to air, water, and land (no or minor sampling and/or testing planned) and consents for land use activities including quarries.

The fee levels provided below allow for the appropriate recovery of costs by the council based on the degree of work required by the council in monitoring each consent.

Fee level	Annual charge $ excluding GST	Annual charge $ including GST	Fee code narration
	0.00	0.00	Invoiced manually
	0.00	0.00	Waived or remitted annual charges
	0.00	0.00	Charged under another consent
	0.00	0.00	Post billed (non-scale)
	0.00	0.00	Special arrangement
	0.00	0.00	Domestic sewage discharges (Post billing)
MON001	88.00	101.00	Minimum loaded with additional fees post monitoring
MON002	88.00	101.00	Annual monitoring charge (and for all the following fees)
MON003	94.50	108.50	
MON004	106.50	122.50	
MON005	125.00	144.00	
MON006	138.00	158.50	
MON007	156.50	180.00	
MON008	188.50	217.00	
MON009	201.00	231.00	
MON010	218.00	251.00	
MON011	237.00	272.50	
MON012	251.00	288.50	
MON013	263.00	302.50	
MON014	281.50	324.00	
MON015	313.00	360.000	
MON016	325.00	374.00	
MON017	345.00	396.50	
MON018	422.00	366.96	
MON019	457.00	397.39	
MON020	438.00	504.00	
MON021	470.00	540.50	
MON022	501.00	576.00	
MON023	532.50	612.50	

Fee level	Annual charge $ excluding GST	Annual charge $ including GST	Fee code narration
MON024	565.00	649.50	
MON025	594.00	683.50	
MON026	626.50	720.50	
MON027	658.70	757.50	
MON028	689.00	792.50	
MON029	720.50	828.50	
MON030	751.50	864.00	
MON031	782.50	900.00	
MON032	815.00	937.50	
MON033	845.00	972.00	
MON034	877.00	1,008.50	
MON035	908.50	1,044.50	
MON036	939.00	1,080.00	
MON037	971.50	1,117.50	
MON038	1,002.50	1,153.00	
MON039	1,033.50	1,188.50	
MON040	1,065.00	1,224.50	
MON041	1,096.50	1,261.00	
MON042	1,128.00	1,297.00	
MON043	1,158.50	1,332.50	
MON044	1,191.00	1,369.50	
MON045	1,221.00	1,404.00	

3.5.4 Coastal structures (post construction or installation)

Scale of annual charges for coastal structures

Fee level	Description/Criteria	RMA administration fee or mooring licence fee $ including GST	Navigation safety bylaw fee $ including GST	Total fee $ including GST
MOR001 MOR002	Individual swing, pile and jetty moorings with or without resource consents.	101.00	72.50	173.50
MOR004 MOR002	Swing and pile moorings owned by one person or organisation, comprising 10 to 24 moorings (per mooring and berths). **Note:** No additional charge will be set for those structures which are an integral part of the mooring area, so long as those facilities and activities do not give rise to any significant adverse environmental effects.	86.00	72.50	158.50
MOR005 MOR006	Pile moorings and jetty berths owned by one organisation, comprising 25 berths or more, but no more than 75 berths (per berth). **Note:** No additional charge will be set for those structures which are an integral part of the mooring area, so long as those facilities and activities do not give rise to any significant adverse environmental effects.	55.00	67.50	123.00
	Marinas comprising more than 75 berths. Navigation fee reverts to $60.00 plus GST if fees are not paid within 60 days (per berth).		60.50	60.50
MOR003	Dinghy pulls	134.50		134.50
CST001	Cables and pipes	128.50		128.50
CST002	Buildings in the coastal marine area	134.50		134.50
CST003	Seawalls and reclamations up to 100 m	134.50		134.50
CST004	Seawalls and reclamations over 100 m	143.50		143.50
CST005 NAV001	Community and boating club structures and jetties, and non–commercial public structures	134.50	72.50	207.00
CST006 NAV001	Boatsheds	134.50	72.50	207.00
CST007 NAV002	Boatsheds with additional berth	140.50	144.50	285.00
CST008 NAV001	Boat ramps up to 15m	134.50	72.50	207.00
CST009 NAV002	Boat ramps/slipways over 15m and grids	140.50	144.50	285.00
CST010	Low use structures not more than $10m^2$	128.50		128.50
CST011 NAV001	Low use structures more than $10m^2$ and up to $300m^2$	134.50	72.50	207.00
CST012	Low use structure over $300m^2$	140.50	144.50	285.00

Fee level	Description/Criteria	RMA administration fee or mooring licence fee $ including GST	Navigation safety bylaw fee $ including GST	Total fee $ including GST
NAV002				
CST013	High use structures not marine related	134.50		134.50
CST014 NAV003	High use structures not more than 300m² and slipway not more than 50 tonnes	134.50	404.50	539.00
CST015 NAV004	High use structures more than 300m² but not more than 1,000m²	140.50	1,756.50	1,897.00
CST016 NAV005	High use structures more than 1,000m² and slipways with a maximum capacity of more than 50 tonnes	143.50	3,108.50	3,252.00
CST018 CST017 NAV001	Marine farm	*257.50 +admin fee ($101.00)	72.50	431.00

* Per farm for amalgamated consents.

Note: All structures may be subject to additional charges that recover the costs incurred by the council for extra monitoring, such as sampling a discharge. Where the costs of monitoring the structure and discharge exceed the annual charge herein, the council will recover the balance in accordance with Section 36(3) of the Resource Management Act 1991.

Low use structures are typically privately owned and high use structures are typically commercially owned.

Consent holders of multiple structures authorised under a single resource consent for contiguous facilities, will be charged one annual fee for the most significant authorised by that consent.

3.5.5 Land use consents for boating-related structures in waters upstream of the coastal marine area (post construction)

Scale of annual charges for land use consents for boating-related structures in waters upstream of the Coastal Marine Area (CMA) with minor environmental effects (amended to match fees for similar structures in the CMA, section 3.6.3).

Fee level	Description/criteria	RMA $ excluding GST	Total fee $ including GST
MON046	Minor structures and jetties: not more than 10m² in plan area.	142.00	163.50
MON047	Jetties and other structures: more than 10m² in plan area.	202.50	233.00

Note:

1. Consents for new boat-related structures or to alter boat-related structures in water-bodies will be subject to an inspection during their construction phase based on staff time and rates set out in section 3.2.

2. Refer to Section 2.2.9 setting of annual resource consent (monitoring) charges of the Charging Policy for bases of charges.

3.5.6 Water takes of high potential effects

Estimated annual charges for water take consents for high potential effects.

Consent holder	Consent no(s)	Annual admin/ supervision/ monitoring charge $ including GST	Resource user charge $ including GST	Annual charge $ including GST (Total)	Fee level
Whāngārei District Council	2960	*2,620.00	881.50	3,501.50	ADM002 RUC006
Fonterra Kauri	437304	*3,013.50	881.50	3,895.00	ADM003 RUC006
Far North District Council	4369	*2,882.00	440.50	3,322.50	ADM004 RUC005
Maungatapere Water Supply Co.	4607	*393.00	881.50	1,274.50	ADM005 RUC006
Murphy Prosperity Trust	4715	*393.00	440.50	833.50	ADM005 RUC005
North Power	4845	*982.50	440.50	1,423.00	ADM006 RUC005
Ngāwhā Geothermal Resource Company Ltd.	488312	*655.00	#1,322.00	1,977.00	ADM007 RUC007
Kokich & Anderson	4965	*785.50	881.50	1,667.00	ADM008 RUC006
West Coast Dairy	5004	*655.00	440.50	1,095.50	ADM007 RUC005
A B Kevey and L J Christie	5014	*458.00	440.50	898.50	ADM009 RUC005
McBeth Farms Ltd	5021	*458.00	440.50	898.50	ADM009 RUC005
Hoddi Ltd	5022	*458.00	440.50	898.50	ADM009 RUC005
Rehford Farms	5027	*458.00	440.50	898.50	ADM009 RUC005
Bryant Fischer Family Trust	7330	*655.00	440.50	1,095.50	ADM007 RUC005
Whāngārei District Council	7398	*1,310.00	881.50	2,191.50	ADM010 RUC006
Whāngārei District Council	7404	*3,274.50	881.50	4,156.00	ADM011 RUC006
Whāngārei District Council	7405	*917.00	440.50	1,357.50	ADM012 RUC005
Kaipara District Council	7582	*982.50	440.50	1,423.00	ADM006 RUC005
Burke Farms Ltd.	7642	*785.50	440.50	1,266.00	ADM008 RUC005
Kaipara District Council	8032	*785.50	440.50	1,226.00	ADM008 RUC005

Consent holder	Consent no(s)	Annual admin/ supervision/ monitoring charge $ including GST	Resource user charge $ including GST	Annual charge $ including GST (Total)	Fee level
Kaipara District Council	8134	*917.00	440.50	1,357.50	ADM012 RUC005

* Includes a charge pursuant to Section 36(1)(c) towards the costs of specific investigations (flow and/or water quality monitoring) within catchment relating to consent and compliance monitoring (see section 4).

[#] Multiple consents taking from different catchments and/or resources.

For the basis of charging, refer to section 2.2.9 setting of annual resource consent (monitoring) charges of the Charging Policy for bases of charges.

3.6 Inspection and monitoring charges

3.6.1 Permitted activity monitoring/inspections – fees

The fees will be charged on a cost recoverable basis (officer time, sampling and equipment costs). Refer to section 3.2 staff charge rates and section 3.11 miscellaneous management charges.

3.6.2 Permitted activity dairy discharges – fees

The charges are as follows:

	$ excluding GST
(i) Inspection and monitoring fee:	
Grades 1P, 2P, 3P (fixed fee)	171.00
Grades 4P, 5X, C (fixed fee)	256.00
(ii) Second and subsequent visits and inspections including travel time, (for non-complying or inadequately treated discharges, grades 4P, 5X and C).	83.00 per hour

Where there is a need for two officers to attend, the costs of both officers will be recovered.

Administration costs incurred will be charged in addition to the costs of the site visit/inspections, plus the actual and reasonable cost of any specific water quality testing and/or enforcement action required (see section 3.11).

Note: For charges for consented farm dairy effluent discharge consents, refer to section 3.7.2.

3.6.3 Farm dairy effluent inspection charges

Scale of charges for consents for farm dairy effluent discharges (full and minor non-compliance and significant non-compliance).

3.6.3.1 Full and minor non-compliance

Sampling and testing required where indicated.

Description/criteria	Charge $ excluding GST	Charge $ including GST
Per inspection – (no sampling or testing)	258.00	296.50
Per inspection – (single sample only)	306.50	352.50

Description/criteria	Charge $ excluding GST	Charge $ including GST
Per inspection – (two samples)	355.00	408.50
Per inspection – (three samples)	404.00	464.50
Per inspection – (four samples)	452.00	520.00
Per inspection – (five samples)	501.00	576.00
Per inspection – (six samples)	549.50	632.00

3.6.3.2 Significant non-compliance

Sampling and testing required where indicated.

Description/criteria	Charge $ excluding GST	Charge $ including GST
Per inspection – (no sampling or testing)	345.00	396.50
Per inspection – (single sample only)	393.50	452.50
Per inspection – (two samples)	442.00	508.50
Per inspection – (three samples)	491.00	564.50
Per inspection – (four samples)	539.00	620.00
Per inspection – (five samples)	588.00	676.00
Per inspection – (six samples)	636.50	732.00

Second and subsequent visit, including follow-up inspections, for non-complying systems will be at $83.00 per hour plus GST, plus the actual and reasonable cost of any specific water quality testing and/or enforcement action required.

Note: For fees charged under the Local Government Act for the inspection of non-consented dairy effluent discharge systems, refer to Section 2.3.of the Charging Policy.

3.6.4 Coastal structures (construction or installation phase) – monitoring inspection charges

The fees will be charged on a cost recoverable basis (officer time, sampling and equipment costs). Refer to section 3.2 staff charge rates and section 3.11 miscellaneous management charges.

Note: Refer to Section 2.2.9 setting of annual resources consent (monitoring) of the Charging Policy for bases of charges.

3.7 Maritime activities

3.7.1 Fees for maritime-related incidents

3.7.2 Navigation, water transport and maritime safety bylaw fees and charges 2015

These bylaws shall be known as the Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw Charges 2015:

1. These bylaws shall apply throughout the region of the council.
2. In these bylaws, unless the context otherwise requires:

"**Maritime facility**" means any jetty, jetty berth, wharf, ramp, slipway, boatshed, marina berth, pontoon or, whether private, commercial or a recreational public facility, that is located within the coastal marine area of Northland.

"**Mooring**" means any swing or pile mooring whether private, commercial or recreational mooring that is located within the coastal marine area of Northland.

"**Owner**" includes:

a. in relation to a vessel, the agent of the owner and also a charterer; or

b. in relation to any dock, wharf, quay, slipway or other maritime facility, means the owner, manager, occupier or lessee of the dock, wharf, quay, slipway or other maritime facility.

3.7.3 Navigation Safety Bylaw fees

For the period specified hereunder and for each year thereafter until amended or superseded by a subsequent bylaw change, the owner of every maritime facility or mooring in the region shall pay to the council an annual navigation fee fixed herein.

a.	The navigation safety bylaw fee shall be payable on the number of berths available at the maritime facility, whether or not all berths are used. The council's Harbourmaster shall determine the number of berths available at any maritime facility.			
				GST Exclusive
b.	(1)		For every mooring, jetty, jetty berth, boatshed, boat ramp up to 15m x 4.5m, minor structure, and any group of piles with 74 berths or less owned by one organisation.	$63.04
	(2)		For every berth holder not otherwise included herein a fee for the recovery of the cost of the navigation safety equipment in the upper Hātea River, per berth.	$63.04
	(3)	a.	For every berth in a marina containing more than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 per berth.	$52.61
		b.	For every berth in marinas containing 24 or more, but less than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 plus GST per berth	$58.70
		c.	Swing and pile moorings owned by one person or organisation comprising 10 to 24 moorings (per mooring).	$63.04
	(4)		Boatsheds, per additional berth.	$63.04
	(5)		Community and boating club structures, jetties and non-commercial structures in the coastal marine area.	$63.04
	(6)		Marine farms.	$63.04
	(7)		Boat ramps/slipways over 15 metres and grids.	$125.65
	(8)		High use structures and jetties, marine-related, not more than 300m^2 in plan area within the coastal marine area.	$351.74
	(9)		High use commercial slipways with a maximum capacity of less than 50 tonnes.	$351.74
	(10)		High use structures and jetties, marine-related and more than 300m^2 but less than 1,000m^2 in plan area within the coastal marine area.	$1,527.39
	(11)		High use structures and jetties, marine-related and more than 1,000m^2 in plan area within the coastal marine area.	$2,703.04
	(12)		High use commercial slipways with a maximum capacity of more than 50 tonnes.	$2,703.04
	(13)	a.	Mooring license amendment fee.	$167.39

			Any changes to the mooring license conditions, such as position, size or design of a mooring, or the maximum length of vessel allowed to use the mooring must be approved by the harbourmaster as required by the Navigation Safety Bylaws. The fee relates to the actual work involved in processing the application, including checking the effect on adjacent mooring holders.	
		b.	On-site assessment of moorings. Mooring holders who require an on-site assessment or inspection of their mooring, or proposed mooring, by the maritime staff for their own benefit will receive a fee based on the actual officer's time charged, at an hourly rate comprising actual employment costs plus a factor to cover administration costs (as per the staff charge rate table below).	
			Labour per hour (standard charge rates includes mileage)	$70.00
			Technician/Administrator	$82.50
			Officer Scale 1	$93.00
			Officer Scale 2	$103.50
			Officer Scale 3	$110.00
			Maritime Program Manager	$121.00
			Deputy Harbourmaster	$157.50
			Harbourmaster	
	(14)	Pursuant to the provisions of Navigation Safety Bylaw clause 3(1)(6), should any mooring licence fees or other charges due to the council under the provision of this bylaw remain unpaid for a period of 60 days, then the harbourmaster may remove, or cause to be removed, the mooring and detain the vessel using the mooring, until such fees and charges, including the cost of removing the mooring and storing eh vessel, have been fully paid and discharged. Should such debts have not been paid and discharged within a further 60 days, the council has the right to sell the mooring and/or vessel to recover the debt.		

3.7.4 Hot Work Permits

	GST Exclusive
For vessels alongside wharves or at anchor, per permit.	$75.65

3.7.5 Safe Operating Licences

	GST Exclusive
For all Northland harbours, unpowered craft not subject to a maritime rule and available for lease or hire, including: dinghies, kayaks, canoes, aqua-cycles, surf cats or similar commercially available craft, an inspection fee to verify the adequacy of procedures and safety equipment, up to one hour. Where inspection time exceeds one hour, the charge shall be at the rate of $70.00 per hour plus vehicle running costs at the rates approved from time to time by the Inland Revenue Department.	$75.65

3.7.6 Jet Ski Registration Fees

As resolved and prescribed by the Auckland Council which undertakes this function on behalf of the Northland Regional Council under delegated authority.

3.7.7 Pilotage and Shipping Navigation and Safety Services Fees

a.	Pilotage (2)	GST Exclusive
	(i) Inwards/outwards to wharf, Ōpua – per visit	
	Where GT is greater than 500 but less than 3000	$1,574.35
	Where GT is greater than 3000 but less than 18,000	$3,043.91
	(ii) Ships to anchor in Bay of Islands – per visit	
	Where GT is greater than 500 but less than 3000	$1,574.35
	Where GT is greater than 3000 but less than 18,000	$3,043.91
	Where GT is greater than 18,000 but less than 40,000	$3,632.61
	Where GT is greater than 40,000 but less than 100,000	$4,060.87
	Where GT is greater than 100,000	$4,487.83
b.	Shipping – Navigation and Safety Services Fee per ship visiting the Bay of Islands regardless of which pilotage organisation or company actually services the vessel	
	Where GT is less than 3000	$1.05/GT
	Where GT is greater than 3000 but less than 18,000	$3,043.91
	Where GT is greater than 18,000 but less than 40,000	$3,419.57
	Where GT is greater than 40,000 but less than 100,000	$3,739.57
	Where GT is greater than 100,000	$4,273.91
c.	Shipping	
	(i) Navigation and Safety Services Fee per ship visiting the Bay of Islands when the master is exempt from compulsory pilotage	
	Up to 3000 GT	$1.05/GT
	(ii) Navigation and Safety Services Fee per ship visiting the Poor Knights Area to be avoided under Maritime NZ approval for exemption from applicable Marine Protection Rules.	
	Over 45 metres length overall	$1.05/GT
d.	Shipping – Navigation and Safety Services Fee per ship visiting Whangaroa Harbour except when the ship is also visiting the Bay of Islands during the same voyage.	$1,049.57

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2 *Charges for Bay of Islands apply for vessels entering inside the pilotage limits as marked on chart NZ 5125.*

3.7.8 Harbourmaster's Navigation Safety Services Fee

		GST Exclusive
a.	North Port Limited	$112,750.00
b.	For water transport operators not serviced by a port company, at actual time and cost.	
c.	Where the actual costs on a labour time and plant recovery basis exceed the annual fee, the council will recover any balance on an actual cost basis.	

3.7.9 Applications for Reserved Area for Special Event (clause 3.13 of the Navigation Safety Bylaw 2012)

	GST Exclusive
Special Event Processing Fee	$152.17
The council shall recover from the applicant all actual and reasonable costs incurred in arranging for the publication of a public notice. These costs are additional to the above fee. Where the actual costs on a labour time and plant recovery basis exceed the annual fee, the council will recover any balance on an actual cost basis.	

3.7.10 Pilot Exemption Exam Fee

	GST Exclusive
Pilot Exemption Exam Fee	$391.30

3.7.11 All navigation and other fees specified herein are exclusive of Goods and Services Tax

The fees shall apply for the period 1 July 2014 to 30 June 2015 and will continue to apply until superseded by a subsequent bylaw change fixed by resolution and publicly notified or by the review required by section 158 of the Local Government Act 2002.

3.7.12 Standard charges under the Maritime Transport Act 1994 – Marine Tier 1 Oil Transfer Sites

		GST Exclusive
	Maritime Rule Part 130B requires that the operator of an oil transfer site obtain the approval for a site marine oil spill contingency plan from the director of Maritime New Zealand. The power to approve these plans has been delegated by the director to the Chief Executive Officer (sub–delegated to council employees) of the Northland Regional Council in an Instrument of Delegation pursuant to Section 444(2) of the Maritime Transport Act 1994. A Minimum fee will apply. Section 444(12) of the Maritime Transport Act 1994 allows the council to charge a person a reasonable fee for:	
a.	Approving Tier 1 site marine oil spill contingency plans and any subsequent amendments;	$260.86
b.	Inspecting Tier 1 sites and any subsequent action taken thereafter in respect of preparation of inspection reports or reporting on non-conformance issues.	

	A minimum fee is charged and further charges may apply based on officer's actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs. Should travel be required, additional costs for mileage will be charged the standard rate as approved by the Inland Revenue Department.	

These bylaws were publicly notified pursuant to the Local Government Act 2002 and will be confirmed and sealed at a meeting of council on 16 June 2015. Following confirmation the bylaws will come into force on 1 July 2015.

3.8 Biosecurity

3.8.1 Pest control products

a. Northland landowners are entitled to a one-off, free 2kg bag of rabbit pindone.

b. Landowners are also entitled to a one off free issue of a 5-gram sachet of herbicide to control wild ginger.

c. All other pest control products such as traps, pesticides, pre-feed, bait stations, and associated equipment are resold at a 10% mark-up on the price they are purchased from the manufacturer. This 10% mark-up is to cover the administrative costs of supplying these products.

3.9 Property Law Act 2007

	$ excluding GST
a. Transfer or assign the lease	$156.52
b. Enter into a sublease	$156.52

3.10 Miscellaneous management charges – plant and equipment charges

The council's Resolution of 8 December 2004, "that pursuant to Section 150(6) of the Local Government Act 2002, council managers be authorised to set or vary labour, plant and equipment hire fees and fees for miscellaneous services provided by the council as necessary from time to time." The council's labour, plant and equipment charges to external parties are as follows:

3.10.1 Laboratory services – laboratory test charges

Job Ref. No.	Description/criteria	Per sample $ excluding GST	Per sample $ including GST
7346	Absorbance % transmittance	5.22	6.00
7369	Conductivity	10.00	11.50
7349	Deposited air particulate	63.91	73.50
7368	Dissolved oxygen	5.22	6.00
7377	E coli/total coliforms – colilert	30.00	34.50
7378	Enterococci – enterolert	30.00	34.50
7373	Faecal coliforms by MF	23.48	27.00
7381	Microscopic examination	25.22	29.00
7374	Faecal coliforms by MPN	42.61	49.00
7370	pH	5.22	6.00
7348	PM10	32.17	37.00

Job Ref. No.	Description/criteria	Per sample $ excluding GST	Per sample $ including GST
7371	Salinity	5.22	6.00
7358	Suspended solids	18.26	21.00
7372	Temperature	1.30	1.50
7365	Turbidity	6.52	7.50
7346	UV% transmittance	5.22	6.00

Any further tests required, please contact laboratory staff for prices.

3.10.2 Labour – general

Labour costs for the council's staff not previously specified in this policy will be charged at an hourly rate determined from actual employment costs, including overtime rates if applicable, plus a multiplier to cover overheads and any internal costs incurred.*

3.10.3 Plant

Where any of the council's plant is hired, extra costs including additional labour cost in overtime hours, travelling allowance, transport charges, etc., shall be recovered from the hirer of the plant. Where plant is ordered and its services cancelled, all costs incurred by the council are payable by the hirer.

3.10.4 Water quality monitoring devices

	$ excluding GST	$ including GST
YSI Sondes per day	63.91	73.50
ISCO Automated Sampler per day	53.48	61.50

All labour incurred in the hire of water quality monitoring devices, is additional and charged in accordance with the charge out rates specified in Section 3.2.

3.10.5 Vehicles/quads

Inland Revenue approved mileage rates for annual work-related kilometres travelled	External rate per km $ excluding GST	Internal rate per km $ excluding GST
Motor vehicles		
1 – 3000km (total kilometres for a job)	0.62	0.28
3001 kilometres and over (for each km over 3000)	0.19	0.28
Transit van or similar (public service rate)	1.00	0.41
Light truck (public service rate)	1.20	0.55
Motor vehicles – flat rate	0.28	0.26

* When tradesmen are called out, and their service is cancelled, all costs incurred by the council are payable by the hirer, at the above charge-out rates.

Motor cycles/quad bikes		
1 – 3000 km	0.31	0.14
3001 kilometres and over (for each km over 3000)	0.10	0.14
Transit van or similar (public service rate)	0.14	0.14
Light truck (public service rate)	1.20	0.55
Motor vehicles – flat rate	0.28	0.26

Flat rates may be used where a great deal of travel related to one job is done regardless of the distance travelled in a year.

3.10.6 Floating plant – standard rates

(a) Workboat hire	$ excluding GST	$ including GST
Workboat – Waikare per hour	700.00	805.00
Standby – Waikare per hour	265.22	305.00

For significant commercial projects, the council will negotiate hire, standby and total costs with contractors and other parties.

(b) Small launch hire	$ excluding GST	$ including GST
BOI Patrol Boat Karetu per hour	250.00	287.50
Standby – Karetu per hour	100.00	115.00
5 metre Lazercraft per hour	150.00	172.50
Standby – Lazercraft per hour	100.00	115.00
Whāngārei Work Boat per hour	250.00	287.50
Standby – Whāngārei Work Boat per hour	130.00	149.50

All labour and transport costs incurred in the hire of vessels, are additional and charged at $72.00 per hour per crew member.

NB: (Additional rates may apply in overtime hours)

Other plant not specified above

Each request to hire other council plant or equipment is to be referred to the appropriate manager for approval, who shall apply a realistic charge-out rate and notify the finance manager so that an invoice can be raised.

3.10.7 Hire charge – council, committee, training/meeting rooms

Catering is the responsibility of the hirer. Any refreshments provided by the council will be on charged at cost.

Per day	$ excluding GST	$ including GST
Council room	153.48	176.50
Committee room	51.30	59.00
Council and committee rooms	184.35	212.00
Kaipara training room	153.48	176.50
Whangaroa meeting room	51.30	59.00
Kaipara/Whangaroa rooms	184.35	212.00

3.10.8 Hire charge – council video conference facilities

Hire charge includes a meeting room	$ excluding GST	$ including GST
Price per hour	$153.48	$176.50

Bookings will be subject to the availability of a meeting room and the video conferencing unit. Priority will be given to council business. Video conferencing unit is a Tandberg unit with a 47 inch screen. Connection is IP only and is not configured for ISDN.

3.10.9 Photocopying

Per page	$ excluding GST			
	Colour A4	Colour A3	Black A4	Black A3
Applicants/Staff	0.31	0.44	0.09	0.18
Other parties	0.44	0.88	0.18	0.26

Note: Double-sided is equivalent to two pages.

Labour costs also to be recovered.

3.10.10 Digital colour aerial ortho-photography

The council, through a partnership with the other councils in the region, is currently acquiring digital colour aerial ortho-photography for the region. Geo-referenced tiff images are available for purchase or use. Any purchase or use is subject to a licensing agreement, available on request.

The agreement may vary depending on the purchase or use and it is at the council's sole discretion whether such an agreement is entered into.

Typical clauses in purchase agreements:

a. The owners will supply the aerial photography to the purchaser as GIS compatible geo-referenced tiff tiles and the associated registration file, with each tile scale covering 2500m x 3750m.

b. The said aerial photography is supplied to the purchaser for internal use only and may not be sold or distributed in any format.

c. The purchaser will not make the said aerial photography available to any other organisation or person in any form.

d. The purchaser will refer any request for derived or associated products by any third party, to the owners.

All hard copies of the aerial photography produced by the purchaser for its own use shall be endorsed with a statement that the aerial photography is copyright and may not be reproduced in any form without the consent of the "Owners".

Purchase of small sets of 1:5000 tiles, for an organisation's own internal use: $50 per tile plus compilation costs at the standard charge rate per hour and GST.

Purchase of large sets of 1:5000 tiles: price negotiable, including recovery of compilation costs at the standard charge rate per hour and GST.

Use of sets for research purposes: price negotiable, including compilation costs at the standard charge rate per hour and GST.

3.10.11 Publication charges for RMA and miscellaneous documents

Plan	$ including GST
Regional Policy Statement	47.00
Regional Coastal Plan	211.50
Regional Air Quality Plan	47.00
Regional Water and Soil Plan	169.50
Integrated Transport Study	37.00
Regional Land Transport Strategy	57.50
Heavy Traffic Volumes in Northland	21.00
Oakleigh-Marsden Point Rail Link Project	21.00
On-site Wastewater Disposal from Households and Institutions	21.00
CDs of plans	21.00

Any council publications not made freely available to ratepayers may be purchased at cost from the council. Contact the council for further details.

NORTHLAND
REGIONAL
COUNCIL

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