

DRAFT
Annual Plan
2014/15



Putting Northland first



YOUR PLACE, YOUR SAY

This plan sets out the council's budgets for the 2014/15 year's work programme and the rates required to fund it. We need to know if we've got it right, so get involved and tell us what you think.

SUBMISSIONS CLOSE at 3.00pm on Thursday 1 May 2014

There are several ways to have your say and make a submission:

- Do it online at www.nrc.govt.nz/haveyoursay
- Send an email to mailroom@nrc.govt.nz
- Write to us and post it to: Northland Regional Council, Draft Annual Plan submission, Freepost 139690, Private Bag 9021, Whāngārei 0148
- Fill in the submission form in this plan and post it or scan and email it to us
- Visit us at our regional council offices in Whāngārei, Ōpua, Dargaville or Kaitiāia and we'll record your submission.

Northland Regional Council offices

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Message from Chairman and Chief Executive

Welcome to the Draft Annual Plan for 2014/15.

The 12 months covered by this draft is shaping up to be a very interesting and important period for our region and those who live, work and invest here.

Some of you reading this draft may wonder about its relevance given the current debate over what shape the form of local government should take and whether the regional council (and its three district counterparts) will even be around in future.

Irrespective of your views on the worth – or otherwise – of any proposed reform we'd like to take this opportunity to reassure you that if any major changes are to occur, these will still be some time away and well outside the 12 months this draft plan covers.

With that in mind, our Draft Annual Plan 2014/15 is very much based on a 'business as usual' approach that will include legally required 10-yearly reviews of our regional plans (the Regional Air Quality Plan, the Regional Water and Soil Plan and the Regional Coastal Plan) to ensure these are as relevant as possible in today's climate and for the foreseeable future.

Once again we're working hard to honour our ongoing commitment to you to keep our overall costs as low as possible without compromising the services we deliver.

Council's Long Term Plan 2012-22 (LTP) had indicated an average general rates rise of 7.22 percent in 2014/15. However, we're very happy to advise that through a combination of careful cost management and better-than-expected returns on some investments, not only are we now able to forecast a nil average general rates rise; we actually plan to do more for the same money.

The Environment Fund is one of our key non-regulatory tools for supporting water quality improvement, CoastCare, soil conservation, biodiversity and biosecurity and we're proposing to give it a \$235,000 boost over the next 12 months (its budget increasing to \$635,000) to meet growing demand. Investments from this fund have been helping people to enhance and protect Northland's natural environment for almost 20 years.

Council is also keen to foster stronger ties with tangata whenua in our region and in a bid to improve Māori representation, we're also setting up the Te Taitokerau Regional Māori Advisory Committee. A working party will work with Māori to establish the terms of reference and membership for this important committee.



We also plan to invest up to \$100,000 as our share of a joint multi-council/agency project to gather new aerial photography of our region. This information will be invaluable for a wide range of uses including emergency services and land use planning

In another joint-agency initiative, we plan to invest another \$66,000 as part of the ongoing bid to better understand and reduce the spread of the disease-causing agent killing kauri trees. This proposed extra funding will bring council's annual contribution to the programme to \$87,000.

Our Waiora Northland Water programme is about working together to better manage our region's precious freshwater resources. It brings together both existing and new Northland Regional Council work to improve the quality and management of our lakes, rivers, aquifers and wetlands.

Under this draft plan, the programme will get \$165,000 extra for monitoring – as part of our work with people and our communities through local catchment groups and to help meet our obligations under the National Policy Statement Freshwater and the proposed Environmental Reporting Bill.

We've also made provision for an extra \$50,000 for more information sharing on local government reform with our Northland communities in the event that the Local Government Commission agrees to issue a further draft reform proposal in line with our request in our recent submission.

Among other proposed changes this Draft Annual Plan contains from previous LTP forecasts, we intend to transfer a smaller amount – now \$1.7M plus interest – into our Investment and Growth Reserve during the 2014/15 year. (Again this helps keeps costs to ratepayers down, but we're confident the fund – which will already sit at about \$4.5M at the start of the 2014/15 year – will still be sufficient for the types of economic development projects likely to be submitted

to it.) We are also proposing to fund \$100,000 of regional promotion from the reserve (instead of your rates) as a core economic activity.

Another change from the LTP since its adoption in June 2012 is the expected cost of the Kotuku flood detention dam which is designed to better protect central Whāngārei from flooding. Costs have been revised upwards by about \$1.6M to \$8.5M to cover greater than anticipated costs in the completion of a detailed dam design, costs to relocate gas/power/fibre services and land acquisitions

Construction of this dam – to be paid for via a targeted rate on more than 17,000 properties in Whāngārei’s Central Business District and contributing catchment areas – will go ahead in the 2014/15 financial year.

Despite this, it won’t directly affect rates bill this year as council has not changed its Whāngārei Urban Rivers Management Rate for the 12 months covered by this Draft Annual Plan. (We will likely consider doing so in future, as costs become more certain, in time for the adoption of the Long Term Plan 2015-2025).

We’ll consult the public on this at the time and until then, continue to work with the Urban Whāngārei Rivers Liaison Committee and the community to ensure the project remains affordable.

Meanwhile, although our rates are not expected to rise, we are proposing to increase our non-fixed fees and charges by 2.4%, essentially to recoup inflationary costs.

Details of the issues outlined in this foreword and council’s wider programme of works for 2014/15 are spelled out more fully in the detail of this draft.

This Draft Annual Plan is the first prepared under the watch of a new nine-strong council whose members were elected in October 2013 from seven smaller constituencies under a model intended to better reflect the many communities in our region

Please take the time to read and consider the issues in this draft and let us know what we’ve got right – or what you think we should change – by 3pm on Thursday 01 May.



Bill Shepherd
Chairman



Malcolm Nicolson
Chief Executive Officer

He Kupu na te Toihau me te Tumuaki

Tēnā koutou i te Mahere Rautaki o Te Tau 2014-15

Ko te mahere mō tēnei tau he mea nui mō tēnei rohe mō te hungā e noho ana, e mahi ana, e mahi pakihi ana ki konei.

Ko ētahi o koutou e whakaaro ana, he aha te tikangā o tēnei mahere na te mea kei te hiahia Te Kawana kia kotahi te kaunihere mō Te Tai Tokerau.

Ahakoia ngā whakapae kia maumahara mehemea ka tupono whakarereketia e Te Kawana ngā kaunihera, he waa roa ka tatu.

Nō reira, koia Te Mahere Rautaki o Te Tau kia haere mua tonu ngā mahi o Te Kaunihera na ngā ture o Te Kawana: ia tekau tau me arotakengia ngā mahere a rohe katoa viz te mahere Regional Air Quality mō te hau, Te Mahere Regional Water & Soil mō te one, me te mahere mō Te Regional & Coastal me ki Te Takutai. Ko te take kia noho hangai tonu ki ngā ahua o tēnei waa me āpopo atu nei.

E mahi tonu ana mātou kia kaua e mōumōu mōni ēngari kia haere tō tika ai ngā mahi katoa a Te Kaunihera.

Ki Te Mahere Titiro Whanui a Te Kaunihera 2012-22 (LTP) e āhei ana kia kake ngā reiti ki te 7.22 o rau mō 2014-15. Ēngari e hari ana mātou ki te whakaatu e kore e kake ngā reiti mō tēnei tau na te pai o ngā whakahaere o Te Kaunihera me ngā whakautu o ōna mōni ohanga. Te āhua nei ka nui ake ngā mahi e oti ana e Te Kaunihera mō taua mōni tonu.

Ko Te Tahua Pūtea o Te Tai Ao to mātou pūtea hei tautoko i ngā Waimāori: Coast Care, soil conservation, bio-diversity me te bio-security. Ko te wawata kia nui ake tēnei mōni \$235,000 a tēnei tau. Ka kake tēnei pūtea ki te \$635,000 hei utu i ngā hiahia. Ko ngā mōni ohanga o tēnei tahua pūtea kua pou ki runga ki te tai ao o i Te Tai Tokerau mō ngā rua tekau tau kua hipa.

E ngākau nui ana Te Kaunihera kia mahi tahi me te tangata whenua o tēnei rohe. I to mātou hiahia kia nui ake te Mana Māori kei te whakaturia he Komiti Māori Kaiārahi Māori. Ka mahi tētahi rōpu whāiti me te iwi Māori ki te whakatinana i tēnei whakaaro.

E mea ana mātou ki te whakapou i te \$100,000 hei whakaahua-ā-rangi i te rohe pōtae. Ka whai hua tēnei mahi mō ngā kaupapa ohore me ngā mahi ahuhenua.

Ko tētahi atu kaupapa e ngākau nui ana mātou kia pou te \$66,000 hei rapu rongoa mō te mauui e patu nei i te rākau Kauri. \$87,000 katoa te mōni a Te Kaunihera mō tēnei kaupapa.

Ko tō mātou kaupapa Waiora Tai Tokerau he mahi no mātou ki te tiaki i ngā Waimāori o Te Tai Tokerau. He whakakotahi i ngā kaupapa hou me ngā kaupapa tawhito o Te Kaunihera a-Rohe o Te Tai Tokerau kia ake ngā roto, ngā awa me ngā repo.

I raro i tēnei mahere neke atu i te \$165,000 ka whakapoua mō te arotake i ngā wai. Ko to mātou tākoha tēnei ki ngā iwi me ngā hāpori ano ki te National Policy Statement mō ngā Waimāori me te pire hou mō Te Ripoata mō Te Taiao.

Kua whakaritea te \$50,000 hei panui i ngā hāpori mō ngā whakarerekētanga mō ngā Kaunihera o Te Tai Tokerau. Nā te mea kei tupono haere mua Te Komihana mō ngā Kaunihera o Te Mōtu ki te tuhi ripoata ano pera i to mātou whakahou kia rātou.

Ko ētahi rerekētanga i roto i tēnei Mahere Rautaki Whānui, e rerekē ai ki ngā mahere LTP tawhito, kia iti ake te mōni ki te \$1.7m ki roto ki to mātou mōni ohanga mō tēnei tau 2014-15. Ka āwhina tēnei mōni kia kore ai e nui ake ngā utu ki ngā kai utu reiti. E whakapono ana mātou ko tēnei tahua pūtea e noho nei ki te \$4.5m i te timata o te 2014-15. Ko tēnei mōni mō ngā tono kaupapa ohanga a Te Rohe Pōtae. He \$100,000 te moni e hiahia ana mātou kia whakapoua hei pānui whānui i Te Tai Tokerau. Kaua kē ma ngā reiti tēnei e utu.

Tera tētahi atu rerekētanga i Te Mahere Rautaki tawhito Hune 2012, ko te utu mō Te Kotuku Flood Dam hei arai atu i te waipeke i te taone o Whāngārei.

Kua whakapikitia e mātou tēnei tahua pūtea i te \$1.6m ki te \$8.5m mō te utu i te waihanga i te Dam, me te neke i ngā hiko, te Gas me ngā Fibre; me te hoko whenua hoki. Ka whakaturia tēnei Dam i roto i te tau 2014-15. Ma ngā reiti o ngā whare 1,700 e utu i roto o te taone o Whāngārei me ōna takiwa.

Ahakoia tēnei, e kore e pā ki ngā reiti mō tēnei tau nā te mea kahore ano Te Kaunihera kia tīni noa i tana Urban Rivers Management Rate mō Ngā Awa o Whāngārei kei raro i Te Mahere Rautaki 2014-15. E whakaaro ana mātou ki te tīni i tēnei apopo atu nei kia mōhiotia ngā utu katoa hei tapiri ki Te Mahere Rautaki 2015-25.

A tera waa ka whakapā atu ki te iwi a taua waa engāri ka mahi tonu me Te Kōmiti Āwhina Mō Ngā Awa o Whāngārei me te hāpori kia kore ai e nui rawa ngā utu.

Mō tēnei waa, ahakoa e kore e kake ngā reiti, e mea ana mātou ki te whakanui i ngā utu mō ngā non-fixed fees & charges ki te 2.4%. Ko te take kua kake kē ngā utu katoa o te mōtu me kī, inflation.

Ko te whānuitanga o ngā kōrero mō ēnei take katoa kei roto i te pukapuka nei.

He mea hanga tēnei Mahere Rautaki e ngā mema e iwa o Te Kaunihera he mea pōti i te tau 2013. I ahu mai ēnei tāngata i ngā rōpu e whitu no roto mai o te iwi. Ko te manako ma rātou e hāpai ngā wawata a te iwi i roto o tō tātou rohe pōtae.

Ma koutou e panui, e whakaaro ēnei kaupapa katoa kei roto o Te Mahere Rautaki nei, kia mōhio ai mātou ko ehea ngā kaupapa tō tika, ko ehea me whakarereke. Ka kati tēnei waa, 3pm Taite 1 Mei 2014.



Bill Shepherd
Toihau



Malcolm Nicolson
Tumuaki

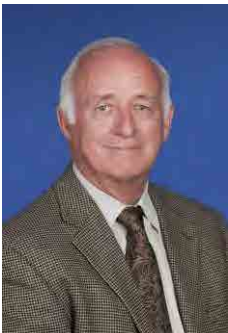
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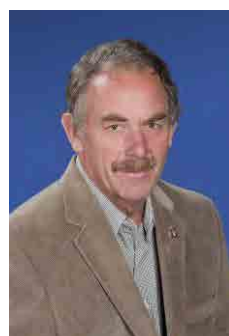
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About this Draft Annual Plan

This Draft Annual Plan 2014/15 outlines the council's proposed budgets and rates for the coming year's activities.

The work programme is closely aligned with what is set out in the council's Long Term Plan 2012–2022, adopted in June 2012. The Long Term Plan covers 10 years with more focus on the first three years.

In this Draft Annual Plan we highlight where a budget or proposal differs from what's in the Long Term Plan. This document summarises our activities and financial

strategy rather than repeating the detailed information in the Long Term Plan. Copies of the Long Term Plan 2012–2022 are available from council offices or our website: www.nrc.govt.nz/ltp

Before making our final decisions on the council's work programme and budgets for the year ahead, we want to hear what you think. Whether you support what's in this Draft Annual Plan or you think we should be focussing on something different, now is the time to have your say.

Key changes from the Long Term Plan – issues for consultation

Lower-than-projected general rates

Under the Long Term Plan, a 7.2% increase in general rates had been projected for 2014/15. (Five percent of this increase was projected to fund the investment redirection and 2.2% to fund operations.) We have now managed to cut that increase to 0% for the year while not reducing services.

We can achieve this by using extra investment income we have received, project growth, and reducing the amount of investment income we are putting into the Investment and Growth Reserve (to be used for economic development projects).

In 2011/12 we started to transition our investment income away from funding operations. In the Long Term Plan 2012–2022 the council decided on a 10 year transition period and for 2014/15 council anticipated that 60% of the council's investment income would fund operations and 40% would go into the Investment and Growth Reserve to fund economic development projects. Applications for funding are being administered by Northland Inc (Northland's economic development agency, which is a council-controlled organisation).

At the time of preparing this Draft Annual Plan council had not agreed to fund an economic development project in 2013/14. If at the end of 2013/14 no economic projects have been funded then the closing reserve balance at June 2014 will be about \$4.5M.

Council has therefore reduced the amount of investment income to be transferred during 2014/15 to

\$1.7M (plus interest, down from \$2M in 2013/14 and the \$2.7M projected for 2014/15 in the Long Term Plan).

This avoids the reserve building at a rate out of proportion to council's actual funding of economic development projects and keeps council operations affordable for Northland ratepayers.

The investment income not transferred is proposed to be used to provide a rates subsidy to council activities.

Council is confident that the balance of the reserve for 2014/15 will be sufficient for the type of projects that are likely to be submitted to it for consideration during that year.

Our assumptions on growth (in population and properties) and investment income are documented in this draft plan. They will be reviewed before the council adopts the Annual Plan 2014/15. Any change may affect rates.

Do you support using an additional \$1M of our investment income to keep rates low and deliver more core services?

Potential sale of council's leasehold investment properties

Council would like to know your views on its proposed decision to sell some of its leasehold properties on a discretionary, case-by-case basis.

Council has previously undertaken an independent review of its property portfolio to ensure these leasehold properties continue to represent the best use of ratepayer money. As a result of the review council decided to sell some of the longer term leases (21 year rent review period) on a discretionary, case-by-case basis provided certain criteria where met.

This decision and the associated criteria were included in the 2012-2022 Long Term Plan. Since then council has undertaken further review of its investment property portfolio to determine which of those 21 year rent review period leasehold properties were potentially suitable for sale.

Council now wishes to have the flexibility to manage its entire property portfolio on a more commercial basis and ensure that future decisions on whether it should sell a property are not linked to the period of rent review contained in the leasehold agreement. It therefore proposes it should have the discretion to sell any of its leasehold investment properties on a case-by-case basis subject to the following criteria:

- Any sale would always be at or above market value.
- A potential sale demonstrates clear economic development benefits including:
 - The intention to expand the business or upgrade current buildings or infrastructure
 - Job creation
 - Other business development opportunities that would not otherwise be available if the land was leasehold
 - Providing an advantage over the sale of other properties because of its strategic location for the matters listed above.

*Do you agree with the proposal to allow the council to sell some of the leasehold investment properties on a discretionary case-by-case basis?
Do you think the criteria for the sale of the council's leasehold properties are correct?*

More information on this issue can be found on page 15 of this plan.

Fees and charges

As signalled in the Long Term Plan 2012-22 council reviews and adjusts its user fees and charges each year

to keep up with inflation. This year a 2.4% increase will apply to all our user fees and charges that are affected by price level changes. (The 2.4% is the forecast cost adjustor for operational expenditure in local government for the 2014/2015 year.)

We have also included the revised fee estimates for our larger consent holders and made some minor changes to our floating plant rates. The final charging policy will also reflect any changes to the Navigation, Water Transport and Maritime Safety Bylaw Charges 2013.

The full schedule of fees and changes is on pages 113.

Proposed amendment to the Navigation, Water Transport and Maritime Safety Bylaw Charges 2013

We're proposing to also adjust the user fees and charges for navigation, water transport and maritime safety that are affected by price level changes by 2.4% too. In addition to this change, council proposes to change:

- **Section 3(b)(3)(b) and (c)** - to clarify the existing fee for the situation where 10 to 24 swing and/or pile moorings are owned by one person or organisation and ensures (b) and (c) apply a consistent threshold
- **Section 3(b) 5** – to remove the reference to private accommodation and replace it with the phrase "non-commercial structures"
- **Section 3(b) 13(a) & (b)** - to include charges for applications to modify mooring licence conditions and owner benefit inspections. Actual officer time will be charged in accordance with the council's charging policy
- **Section 7(c)** – to remove references to vessels from 100 to 500 GT as these are not typically piloted by council. Consequently 7(c)(iii) becomes section 7(c)(ii)
- **Section 9** - to provide for full cost recovery.

This is a bylaw change so we're legally required to specifically consult you about it.

You can find this proposal on page 109.

Do you support the proposed changes to the Bylaw and Charging Policy?

Overview – our strategic direction

Council's strategic direction

Over the 2014/15 financial year we aim to continue delivering our existing programmes and strategies, and implement new government policies and respond to new legislation as outlined in the Long Term Plan 2012–2022.

Our key areas of focus are:

Better local government in Northland

The outcomes of the Local Government Commission's proposed process for Local Government Reorganisation in Northland are far from certain. Council has therefore prepared this Draft Annual Plan in line with the Long Term Plan and intends to deliver its services and activities on a 'business as usual' basis.

'Business as usual' for us includes working in partnership with the other councils of Northland (and in line with our Triennial Agreement 2014) on common priorities and shared services for the benefit of Northland ratepayers.

The council has not supported the commission's draft proposal in its current form. We have asked the commission to carry out further analysis, and provide Northlanders with more information, including a fresh draft proposal. We will continue to provide information to Northland's communities.

Te Taitokerau Regional Māori Advisory Committee

Council is committed to establishing a relationship based on genuine partnership with Māori. We are working with iwi authorities in Tai Tokerau on the potential membership of a new committee, tentatively named 'Te Tai Tokerau Regional Māori Advisory Committee', and its terms of reference.



Waiora Northland Water

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

During 2014/15 we will focus on our priority catchments and outstanding water bodies, working with local communities to identify local uses and values, issues to be managed and action to be taken. We will continue to develop the region-wide approach to freshwater management, including the development and implementation of good management practices, establishing regional objectives and management options.

We have increased our monitoring in our priority catchments to inform catchment management action and decision making and to meet council's obligations under the National Policy Statement for Freshwater Management (including the amendments proposed) and the Environmental Reporting Bill introduced into Parliament on 20 February 2014.

We have a busy year ahead delivering our National Policy Statement for Freshwater Management implementation programme.

Environment Fund

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

Demand for funding support has grown and during 2013/14 council used the Land Management Reserve to meet this demand. To maintain the momentum for the good management practices being achieved through the use of the fund, council has budgeted to increase the size of the fund by \$235,000 during 2014/15, which means the total fund will be \$635,000.

Regional Policy Statement and regional plans

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

We are now reviewing our regional plans - the Regional Air Quality Plan, Regional Water and Soil Plan and Regional Coastal Plan. (This has to happen at least every 10 years).

The review process will involve key stakeholders including Northland councils and agencies, iwi groups, interest groups and industry organisations.

The review and the development of the next generation of regional plan(s) is also aligned with the review of council's Regional Pest Management Strategies and Waiora Northland Water to ensure council strategies, programmes and plans are mutually reinforcing.

Regional Pest Management Strategies and Kauri dieback

The Northland Regional Pest Management Strategies 2010-2015 cover plant, animal and marine pests.

Council began the review of these strategies in 2014 and will consult key stakeholders and the wider regional community on potential changes to them this year.

During 2014/15 we are increasing our funding for the joint agency response to kauri dieback to support strengthened programme management, research, operations and engagement and behaviour change work.

Priority Rivers

Council continues to work through the priority rivers implementing flood protection works where economically viable. In 2014/15 the new Whāngārei detention dam will be built.

- **Kotuku detention dam, Whāngārei**

The Long Term Plan 2012-2022 estimate for the flood detention dam was \$6,876,728 (excluding GST). This estimate has been further refined based on completion of the detailed dam design, peer review outcomes, quotations for service relocation (gas and power / fibre) and progress with land acquisitions.

The revised dam construction cost and the revised land purchase estimate (as at 28 January 2014) give a total project estimate of \$8,483,689. Council will offset some of this increase by using the revenue from the sales of properties acquired to gain easements associated with the project but not required to be held long term.

While council has not changed and is not consulting on changing the Whāngārei Urban Rivers Management Rate based on this revised estimate for the Annual Plan 2014/15, it is likely to do so as the costs become more certain in time for the adoption of the Long Term Plan 2015-2025.

Council will consult on any change to the targeted rate and continue to work with the Urban Whāngārei Rivers Liaison Committee and the

community on the project to ensure it remains affordable. Please attend a public meeting on Wednesday 16 April 2014 at 6pm at the council chambers, 36 Water St. if you want to know more. (Details will be in local papers.)

Economic development and the criteria for the Investment and Growth Reserve

We will continue our efforts in economic development through Northland Inc (a council-controlled organisation) and remain committed to funding projects that will increase jobs in Northland, increase the average weekly household income of Northlanders and increase the GDP of Northland.

One of the changes we have made this year is to ensure our support of tourism and regional promotion is treated the same as other economic development activities and funded from the Investment and Growth Reserve and not rates. This change was signalled in the Long Term Plan and can be achieved in this Draft Annual Plan.

Instead of rating for the \$100,000 for tourism as we have for the last two years, council has increased its contribution to Northland Inc's operational expenditure for 2014/15 by \$100,000 for Northland promotional work. This increase, as well as an additional \$50,000 to reflect inflation, is reflected in the change to the operational expenditure cap in the criteria for the Investment and Growth Reserve for Northland Inc, which has been raised to \$1.15M per annum (from 1 July 2014 to be adjusted annually by the Local Government Cost Index adjuster for operational expenditure).

At the time of preparing this Draft Annual Plan council had not agreed to fund an economic development project and has reduced the amount of investment income to be transferred to the Investment and Growth Reserve during 2014/15 to \$1.7M (plus interest, down from \$2M last year and \$2.7M projected in the Long Term Plan).

Council will look at the transition period and annual split between operations funding and the redirection of investment income (into the reserve) again as part of its planning for the 2015-2025 Long Term Plan.

We have also changed the criteria to provide for a wider range of projects to be funded. These projects will be funded from the Investment and Growth Reserve. Applications for funding are being administered by Northland Inc.

Aerial photography

Imagery is used in hundreds of applications across the Northland region, from emergency services, consent monitoring, to land use planning, property mapping

and analysing environmental health. Council's most recent aerial photography is between five and 13 years old.

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

As this Draft Annual Plan is being prepared there is the opportunity for the councils of Northland and Northpower to leverage funding from Land Information New Zealand (with potentially other central government departments also contributing) during 2014 and 2015 to complete this project.

For more information, see the section 'Our activities' from page 47 of this plan. There is also more detail in our Long Term Plan 2012–2022 which is available on our website: www.nrc.govt.nz/ltp

Summary of council's financial strategy

We aim to maintain a strong balance sheet with a balanced budget; remain a net investor (borrowing internally where appropriate); and redirect our investment income away from funding operations to instead invest in economic development initiatives.

The biggest driver for rate increases over the next seven years as a consequence of this financial strategy is the transition of our investment income away from funding operations.

In a bid to balance the demand on our resources, deliver more and respond to national legislation and policy, and keep rates as affordable as possible:

- This year we have reduced the amount of investment income we are redirecting to the Investment and Growth Reserve to reflect the current balance of the reserve and fund core council operations.
- We will continue to fund distinctive and one-off costs from the Forestry Income Equalisation Reserve to smooth rates increases.
- We will use the Investment and Growth Reserve, rather than rates, to fund our economic development activities (finding, facilitating and delivering suitable projects and, from this year, all of council's contribution to Northland Inc's tourism/Northland promotion activities).

To view the council's full financial strategy please refer to the council's Long Term Plan 2012–2022 which is available on our website: www.nrc.govt.nz/ltp

Council's financial policies

We have a suite of financial policies to guide the management of our financial resources which include:

- Revenue and Financing Policy – shows how each activity's operational and capital expenditure is funded and why.
- Treasury Management Policy – policies on investing and borrowing.
- Rating Policy – council adopts the rating policies of the region's three district councils, which collect rates on the regional council's behalf.

The council's current financial policies (as listed above) can be found in the council's Long Term 2012–2022 Plan which is available on our website:

www.nrc.govt.nz/ltp

About our consultation

Consultation on this Draft Annual Plan runs from 31 March to Thursday 01 May 2014. This is your chance to have your say on the council's budget and activities for 2014/15, so get involved and tell us what you think.

During that month, council staff will be available to talk you and interested groups about the proposals in this plan. To arrange a meeting please call us on 0800 002 004 or email us at mailroom@nrc.govt.nz

After consultation closes you will have the opportunity to present your views in person at the council hearings (we will notify submitters of dates and times). Councillors will have read your submission, so this is a chance to highlight your key points and provide any clarification they require. Your submission will be printed and made publicly available.

How to make a submission

Submissions close **at 3pm on Thursday 01 May 2014.**

You can:

- Fill in a form online at www.nrc.govt.nz/haveyoursay
- Email us at mailroom@nrc.govt.nz
- Write to us and post it to: Northland Regional Council, Annual Plan Submission, Freepost 139690, Private Bag 9021, Whāngārei 0148
- Fill in the submission form on page 13 (or in the summary) and post or scan/email it to us
- Visit us at our regional offices or phone us (0800 002 004) and we will record your submission.

Where to find more information

Full Draft Annual Plan 2014/15, Summary Draft Annual Plan 2014/15, and Long Term Plan 2012–2022

- On our website at www.nrc.govt.nz/haveyoursay
- At our regional offices in Whāngārei, Dargaville, Kaitāia and Ōpua, or at public libraries
- Phone us on 09 470 1200 or 0800 002 004 for a copy to be sent to you.

More about our activities, strategies and policies

- On our website
- Phone us on 09 470 1200 or 0800 002 004
- Phone your councillor (contact details on page 6).

Key consultation dates

31 March 2014	Public consultation begins
1 May 2014	Public consultation ends – submission period closes
5 May 2014	Letters advising hearing appointments sent out
12 - 16 May 2014	Submission hearings tentatively scheduled for this week
30 May 2014	Council meeting to make decisions
17 June 2014	Council meeting to adopt final Annual Plan and set rates for 2014/15

Submission form

Draft Annual Plan 2014/2015

Submitter details (please print clearly)

Dr	Mr	Mrs	Ms	Miss	Other (please specify)
First Name:			Surname:		
Organisation/group (if applicable):					
Postal address:					
				Post code:	
Email:			Tick if you prefer to be contacted by email		
Business hours phone:			After hours phone:		

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

Draft Annual Plan 2014/2015 Submission Northland Regional Council Freepost 139690 Private Bag 9021, Whāngārei Mail Centre Whāngārei 0148	You can also make your submission online via: www.nrc.govt.nz/haveyoursay Fax: 09 470 1202 e-mail: mailroom@nrc.govt.nz
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Submissions should reach the council by 3pm, Thursday, 01 May 2014

Submissions received after 3pm are considered "late submissions" and are considered as per the council's Late Submissions Policy.

Please ✓ Do you wish to present your comments to the council in person at a hearing?

It is anticipated the hearing of submissions will be held 13-14 May 2014.

<input type="checkbox"/>	I DO NOT wish to appear in support of my submission
<input type="checkbox"/>	I DO wish to appear in support of my submission – (please indicate preferred venue / date)
Whāngārei	Kaikohe

Your submission to the Draft Annual Plan 2014/2015	
I support / oppose:	
Because:	

There is space on the next page for more comments – you can also attach more pages if necessary.

Signature: _____ Date: _____

Upon request, we are usually required to make all written or electronic submissions available to the public, including the name and address of the submitter, under the Local Government Official Information and Meetings Act 1987. Ordinarily we will publish submissions, including submitter name and address details, on the council website and make submissions publicly available at council offices. In some cases the Resource Management Act requires the publication of the names and addresses of submitters. If you consider there are compelling reasons why your contact details and/or some part of your submission should be kept confidential, you should contact the council.

Potential sale of council leasehold investment properties

Council would like to know your views on its proposed decision to sell some of the council's leasehold investment properties on a discretionary, case-by-case basis.

This proposal relates to the summary on page 8 of this plan (Key changes from the Long Term Plan – issues for consultation).

Overview

Council holds approximately \$58 Million (value at 30 June 2013) in investment properties. This includes 140 leasehold (endowment) properties valued at \$37 Million. The leasehold properties have perpetually renewable leases. Returns from the leasehold properties, which average 6.5%, are used to hold rates down and fund economic development activities.

Council consulted on the concept of selling its the leasehold properties with 21 year rent reviews on a discretionary, case-by-case basis, as part of the Long Term Plan 2012-2022.

Council now wishes to have the flexibility to manage its entire property portfolio on a more commercial basis and ensure that future decisions on whether it should sell a property are not linked to the period of rent review contained in the leasehold agreement. It therefore seeks a mandate from the community to enable it to have the discretion to sell any of its leasehold properties on a case-by-case basis subject to the following new proposed criteria:

- Any sale would always be at or above market value
- A potential sale demonstrates clear economic development benefits including:
 - The intention to expand the business or upgrade current buildings or infrastructure
 - Job creation
 - Other business development opportunities that would not otherwise be available if the land was leasehold
 - Providing an advantage over the sale of other properties because of its strategic location for the matters listed above.

Background

Council has previously undertaken an independent review of its property portfolio to ensure these leasehold properties continue to represent the best use of ratepayer money. That review also considered whether council's ownership of these properties could be potentially limiting economic development in Whāngārei. As a result of the review council wanted the option to sell some of the longer term leases (21 year rent review period) on a discretionary, case-by-case basis provided certain criteria where met.

This decision and the criteria for assessing any purchase offer were included in the Long Term Plan 2012-2022. The current criteria are:

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

At the same time, council decided that the proceeds from any sale were to be re-invested as part of the council's balanced mixed investment portfolio. (I.e. it decided not to invest the proceeds in economic development initiatives that may not generate a direct financial return for council.)

To date council has not sold any of its leasehold properties with 21 year rent reviews.

Why do we want to have the option to sell properties?

Council has undertaken further review of its investment property portfolio to determine:

- which of those leasehold properties with 21 year rent reviews were potentially suitable for sale i.e. because sale provided clear economic development benefits and
- which of the properties should be retained by council because they offered more economic development potential or greater advantage to the ratepayer if they were retained/in some way enhanced by council.

As a result of this additional review process council thinks that the location of the property, rather than the term of the rent review, affects the economic development potential of the site and the value to the ratepayer and as such the location of the site should influence the decision of council to consider selling the property.

Council also wishes to have the flexibility to manage its property portfolio on a more commercial basis. It is therefore interested in ensuring that its property portfolio is not limited to specific geographic areas and wants the flexibility to achieve a geographically diversified portfolio within the Northland region where that makes sense.

The council therefore seeks a mandate from the community to enable it to have the discretion to sell some of the shorter term leases on a discretionary, case-by-case basis alongside the 21 year properties.

Council is proposing to use similar criteria to those originally proposed for the 21 year rent reviews, and the criteria proposed are as follows:

- Any sale would always be at or above market value.
- A potential sale demonstrates clear economic development benefits including:
 - The intention to expand the business or upgrade current buildings or infrastructure
 - Job creation
 - Other business development opportunities that would not otherwise be available if the land was leasehold
 - Providing an advantage over the sale of other properties because of its strategic location for the matters listed above.

Council also proposes that these criteria should also apply to the properties with 21 year rent reviews. Council thinks that the original criteria, which gave the current leaseholders the first option to buy, reduces the council's flexibility to manage the properties commercially and in the best interests of the ratepayer. It has therefore removed this requirement from the proposed criteria.

Options considered and preferred option

Council has considered other options which included a range from offering all of the properties for sale at once to offering select properties to leaseholders only. Council is looking for flexibility in managing its property portfolio rather than any form of mass sale of properties. Therefore council proposes to sell the properties on a discretionary case-by-case basis as this option provides the most flexibility to council to ensure that any potential sale will place the private sector / market in a better position to drive economic development in Whāngārei than if the properties remained in council ownership. It also provides council with the flexibility to not enter into a sale.

The proceeds of any sales will be re-invested as part of the council's balanced mixed investment portfolio. Council understands that this may not provide the return on investment that council currently gets from its investment property portfolio. Where possible, council's intention is to re-invest the capital to get equal or better return with an emphasis on enhancing economic development/redevelopment potential of Northland and diversifying the council's commercial property portfolio.

Have your say:

- Do you agree with the proposal to allow the council to sell some of the leasehold investment properties on a discretionary case-by-case basis?
- Do you think the criteria for the sale of the council's leasehold properties are correct?

Council's objectives and vision

The council will report its progress annually against each of the council objectives within its Annual Report.

Maintain and improve the quality of Northland's overall environment.

Build a business friendly environment that encourages business and employment opportunities.

Invest in Northland to increase all our communities' economic performance and quality of living and reduce disparities.

Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world.

Encourage the sustainable access and use of our environment in ways that will progress our collective quality of living.

Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland.

Our vision

Creating a region of choice

Our motto

Putting Northland first

Our mission

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

Our values

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

Our values in action

Put our community and region first

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

Be a champion for our natural environment

We will provide policies, guidance and resources to enable our community to manage and enhance its environmental sustainability.

Be forward-thinking and innovative

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

Be flexible and open

We will adapt to change quickly, listen carefully to our communities and act fairly and openly in all we do.

Be responsive and deliver value

We are committed to understanding what is important to Northlanders and taking action to deliver value to them.

Be professional and accountable

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

Work with others

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

Financial overview

Operational spending

Council is forecasting \$29.4 million of operational expenditure to support service delivery in 2014/15.

Operational expenditure provides for all our day-to-day operations and services; things like working with the community to care for our environment – air, land, water and coast.

We also have flood management responsibilities, look after the navigational safety of all vessels in our region’s harbours, and work with regional and national agencies to help ensure the provision and security of core regional infrastructure like transport, energy and telecommunications.

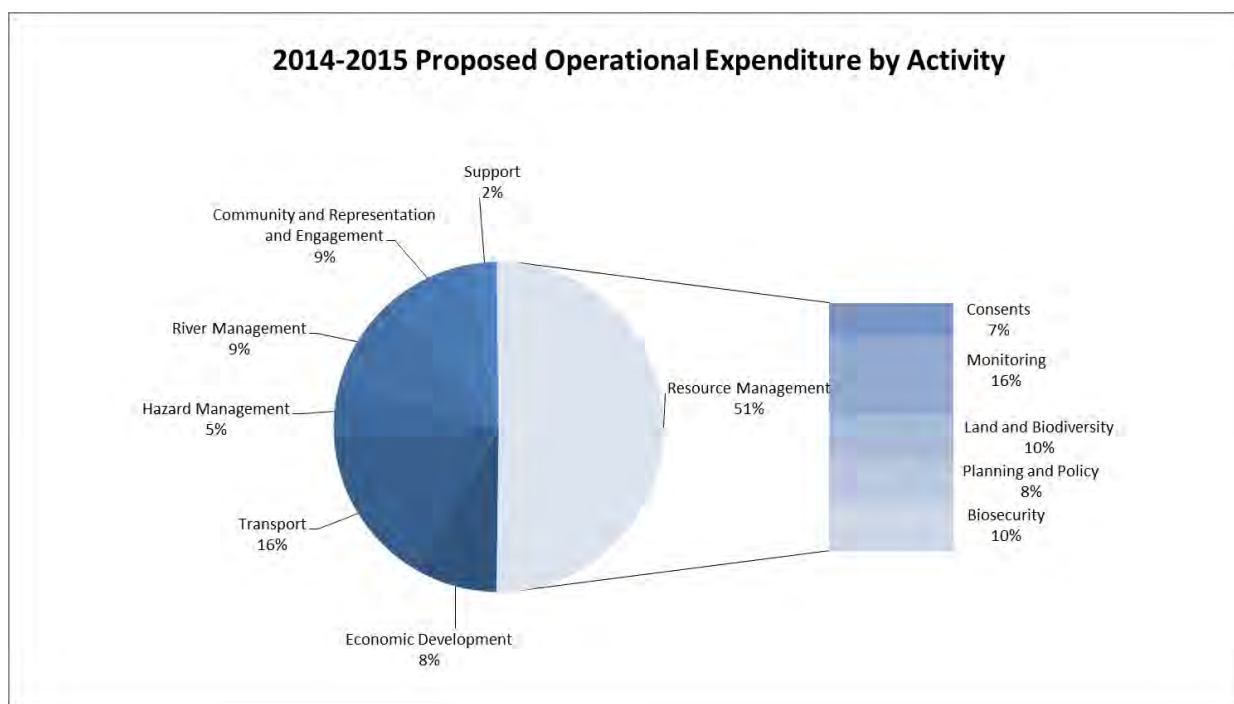
We administer Whāngārei and Kaitiāia’s urban bus services and help plan the region’s transport network,

ensure there is enough water for everyone and work to protect our environment from harmful impacts of pest animals, pest plants and diseases.

We also coordinate Northland’s Civil Defence Emergency Management Group.

In 2014/15 the Resource Management group of activities accounts for the largest portion of operating expenditure (51% of the \$29.4 million). The activities within the Resource Management group include consents, monitoring, land and biodiversity, resource management planning and biosecurity.

The operating expenditure for each activity group and the proportion that this comprises of council’s total operating expenditure for 2014/15 is set out in the graph below.



Capital spending

The total capital expenditure funding requirement for 2014/15 is \$6.9 million – the Whāngārei detention dam accounts for \$3.3 million of this and the Awanui and Kerikeri-Waipapa River works accounts for \$2.4 million. Our capital expenditure also includes \$518,000 for replacing and purchasing new plant and equipment; \$315,000 for information technology; and \$424,000 for vehicle replacement.

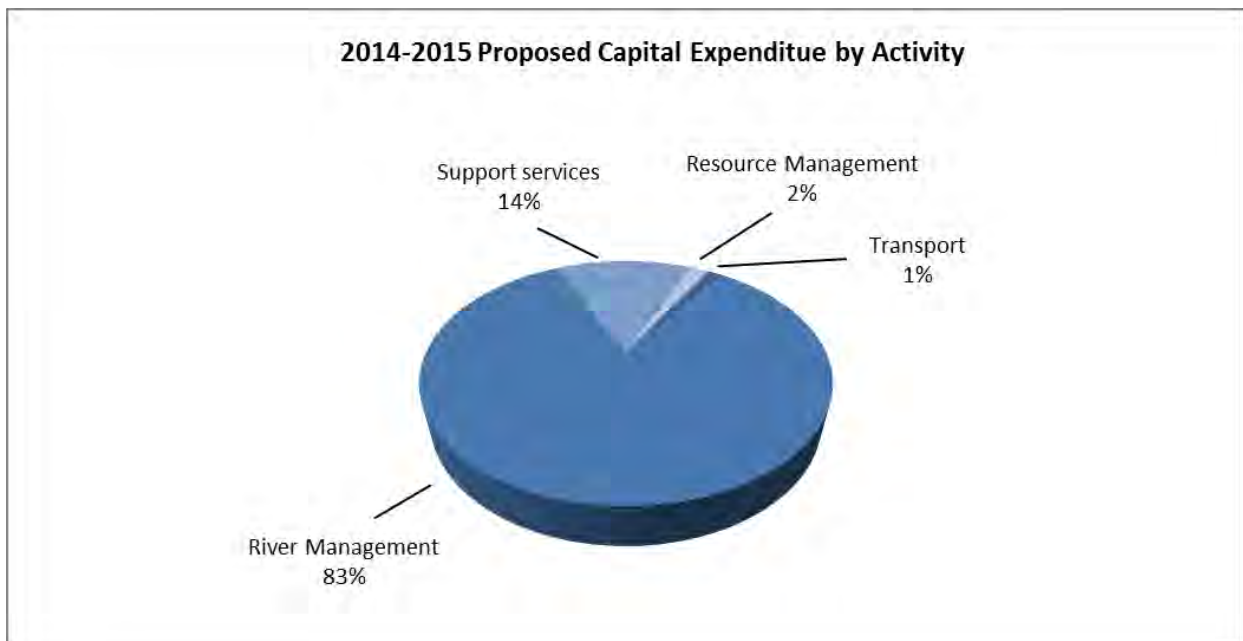
Proposed new capital expenditure does not include any proposed carry-forwards or unspent capital expenditure

from the current financial year. At the end of the current financial year a review will be carried out of ongoing projects where capital expenditure remains unspent and where appropriate a proposal will be put to the council’s Audit and Risk Committee, requesting capital funding to be carried forward into the 2014/15 financial year to enable projects to be completed.

The capital expenditure for each activity group and its proportion of council’s total capital expenditure for 2014/15 is shown in the table and graph on the following page.

Proposed capital expenditure for 2014/15 by activity

Annual Plan 2013/14 \$	Group of activities	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	Resource Management			
149,082	Plant and Equipment	124,975	90,208	(34,767)
	Transport			
242,451	Plant and Equipment	96,901	111,828	14,927
	Hazard Management			
6,250	Plant and Equipment	-	-	-
	River Management			
-	Plant and Equipment	94,490	-	(94,490)
587,174	Infrastructural Assets	5,637,056	6,051,299	414,243
	Support			
415,896	Information Systems	315,000	452,635	137,635
263,314	Plant and Equipment	202,049	163,481	(38,568)
309,600	Vehicles	424,000	319,507	(104,493)
1,973,767	Total Proposed Capital Expenditure	6,894,471	7,188,958	294,487

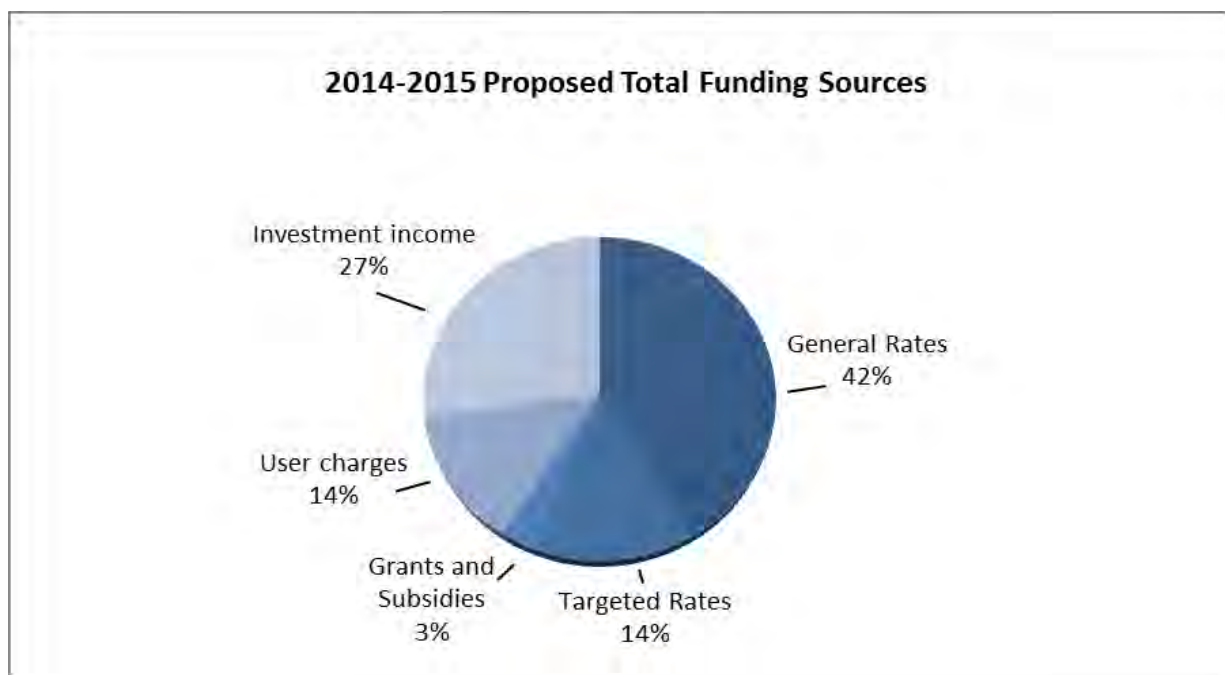


Sources of funding for council activities

Council is required to fund its operating expenditure (less depreciation), capital expenditure, principle repayments towards any internal borrowing and contributions to any council reserve funds. The funding sources include general rates, targeted rates, user fees

and charges, grants and subsidies, investment income and cash reserves.

The graph below summarises council’s proposed funding mix for 2014/15. For a full breakdown of our funding sources, see next page.



Rate requirements

Under the Draft Annual Plan for 2014/15 the average general rates per rate payer will not increase.

The table below indicates what your rates will be if your property has a land value of \$225,000. It should be noted the targeted Land Management Rate and Regional Infrastructure Rate are set as a rate in the dollar per dollar of land value. The rate in the dollar is different for each district as the rates are equalised using data from Quotable Value, to effectively align the three districts' valuation dates.

The example below doesn't include river management rates or the Kaitiāia Transport Rate which are levied on specific areas.

Proposed rates for 2014/15

	Far North (per SUIP) incl. GST	Kaipara (per RU) incl. GST	Whāngārei (per SUIP) incl. GST
<i>(Assuming Land Value is \$225,000, and excluding River Management Rates)</i>			
Council Services Rate	\$89.08	\$112.08	\$107.28
Land Management Rate	\$75.49	\$73.85	\$75.62
Regional Recreational Facilities Rate	\$5.75	\$5.75	\$28.75
Regional Infrastructure Rate	\$8.15	\$8.06	\$8.12
Rescue Helicopter Service Rate	\$8.10	\$8.10	\$8.10
Transport Rate (Whāngārei District)			\$12.58
TOTAL (incl. GST)	\$186.57	\$207.84	\$240.45

The River Management Rates remain unchanged from the 2013/14 financial year.

The Whāngārei and Kaitiāia transport rates remain largely unchanged from the 2013/14 financial year with proposed decreases of \$0.20 (including GST) for Whāngārei and \$0.15 (including GST) for Kaitiāia.

User fees and charges

We also impose fees and charges for some of our services, in line with our Fees and Charges Policy.

It is proposed to increase the hourly staff charges and other fees across most activity areas by approximately 2.4%, in line with inflation-related cost increases.

Proposed budget compared to Long Term Plan forecasts

Operating revenue

Under this Draft Annual Plan our proposed revenue take forecast is \$32,227,977.

This is about \$544,000 less than our Long Term Plan forecast of operating revenue for the 2014/15 year, which was \$32,771,871.

The main reasons for the 1.65% decrease are:

- A lower proposed annual general rate increase of 0% included in this plan (compared to a 7.22% increase forecast in the Long Term Plan). This combined with the reduced rates increase in 2013/14 (from 6.45% as proposed in the Long Term Plan to 3%) results in general rating income reducing by \$1.24 million.
- Other Targeted rating revenue is \$543, 000 less than the forecasted amount in the Long Term Plan as the increase signalled for the Awanui Scheme River rates for 2014/2015 is not required as part of this year’s Draft Annual Plan due to the programme delays explained in the update to key projects – Awanui River Flood Management Scheme on page 58.
- Our projected income from dividends is \$1.36 million higher than originally forecast in the Long Term Plan. A \$0.065 per share dividend was projected in the Long Term Plan; however the dividend was revised in this Draft Annual Plan to \$0.115 per share. Also dividend income of \$250,000 from Regional Software Holdings Limited has been introduced into this year’s Draft Annual Plan.

- Grants and subsidies are \$327,000 lower than forecast in the Long Term Plan. This is mainly due to the reduction in subsidies received from the New Zealand Transport Agency and the removal of the Department of Conservation’s Bio-Condition subsidy funding
- Interest income is \$654,000 higher than forecast in the Long Term Plan. This is mainly due to the returns generated from the sale proceeds of the property in Kensington (however the forecasted rental income has reduced as a result of this sale also).

Operating expenditure

Under this Draft Annual Plan our proposed spending forecast for the coming year is \$29,357,143.

This is about \$991,000 higher than our Long Term Plan forecast of operating expenditure for the 2014/15 year, which was \$28,365,982.

The main reasons for the 3.5% increase are:

- An increase of \$235,000 for the Environment Fund programme
- An increase of \$165,000 for the Waiora Northland programme
- The introduction of \$100,000 to fund the acquisition of new aerial photography
- An increase of \$590,000 for the provision for doubtful debts on rates arrears, bringing the total provision proposed in this Draft plan to \$840,000.

While we have more expenditure and less revenue than we estimated in the Long Term Plan we have reduced the amount of investment income to be transferred to the Investment and Growth Reserve during 2014/15 to \$1.7M (down from \$2.7M projected for 2014/15 in the Long Term Plan).

Capital expenditure

This Draft Annual Plan forecasts our capital expenditure at \$6,894,471 for the coming 2014/15 year. This is in largely in line with what was originally forecast in our Long Term Plan (that is, \$7,188,959 for 2014/15).