

Council Policies

Equal Employment Opportunities

POLICY

The Northland Regional Council and its management are committed to providing equal employment opportunities. Its policy is to support successful performance in staff by recognising their diverse backgrounds and needs, and having a system with the flexibility to meet that diversity.

2007 Programme

- Recruitment policies and procedures select from the widest possible cross section in a non-discriminatory way with all staff considered for employment of their choice.
- All staff have the opportunity to participate in training and educational opportunities with a mandatory minimum amount allocated in specific departmental training budgets for all staff.
- The Council provides flexible working conditions to meet both the needs of the employer and personal needs of the staff.
- There is provision for paid parental leave in the Council's employment agreements and flexible return to work from parental leave programmes are provided.
- An employee assistance programme is available to recognise a diverse range of needs within the staff.
- The functions of the Council and the skills required of its staff will continue to be promoted to secondary and tertiary schools, by supporting appropriate work experience programmes and providing cadetships and scholarships.

Actual Performance to 30 June 2007

Programmes and procedures to meet the above Equal Employment policy were in place and observed by all departments throughout the year.

Health and Safety

POLICY

The Northland Regional Council and its management are committed to providing a safe and healthy working environment for all staff members, visitors and contractors. This commitment is reflected in the Council's achievement of tertiary level status in ACC's Workplace Safety Management Programme.

The 2007 programme consists of:

- Hazard identification and control programme (HIAC);
- Accident/incident reporting and investigation;
- Recruitment;
- Induction;
- Training;
- Health and safety procedure manuals;
- Personal protective equipment;
- Employee participation and communications;
- Occupational health monitoring;
- Audits and workplace inspections; and
- Wellness Programmes.

Actual Performance to 30 June 2007

Programmes and procedures to meet the above Health and Safety policy were in place and observed by all departments throughout the year.

Council Policies continued

Policy on the Development of Māori Capacity

Sections 12 and 13 of the Northland Regional Council's Governance Statement detail Council's Māori Consultation and Māori Liaison Policies. A copy of the Governance Statement can be obtained from Council's website www.nrc.govt.nz, or from any of the Regional Council offices.

Steps that Northland Regional Council intends to take to develop Māori capacity to contribute to decision making include:

- Providing for Māori representation on Council standing committees which make recommendations to the Council.
- Specific Māori consultation processes relating to resource management plans and resource consent applications. For example, the Council has a current policy that all applications for resource consents, non-notified or notified, are circulated to Māori who have expressed an interest in an area.
- Formalised working relationships with Māori through memoranda of understanding such as the Memorandum of Understanding between Northland Regional Council and the Te Uri o Hau Settlement Trust.
- Appropriate recognition of the Settlement Acts and Māori policy and management plans such as:
 - Te Uri o Hau Claims Settlement Act 2002.
 - Te Whanau o Rangiwhakaahu Hapu Environmental Management Plan.
- Where appropriate, contribution of funding for Māori to gather and analyse information relevant to the Council's functions through resource monitoring programmes and surveys.
- Circulation of a regular pānui (newsletter) outlining Council activities of interest to Māori and opportunities for Māori involvement.
- Where appropriate the Council will support applications by Māori for access to funding through government agencies.
- Support the preparation of hapu/iwi management plans.
- Work with Te Puni Kōkiri and other relevant organisations to investigate means of building Māori capacity to contribute to decision making processes.
- Develop a process to engage Māori at an early stage in the preparation of the 2006 Long Term Council Community Plan.
- The Council intends to establish a sub-committee to evaluate its relationship with Māori in Taitokerau and to make recommendations as appropriate.

Actual Performance to 30 June 2007

Partially achieved: seats for Māori representation were made available on the Planning and Policy, Regional Land Transport, and Landcare Committees. However, these were unable to be filled. It is difficult to allocate one person to represent all Māori.

Achieved: resource consent notification system maintained. Specific consultation with Māori over Regional Policy Statement review, Regional Land Transport Strategy review, and aquaculture plan change.

Partially achieved: initial meetings held with Ngāti Rehia and draft Memorandum received for discussion and refinement. This is the only group to have expressed an interest in pursuing an MOU.

Partially achieved: initial presentation received on Ngāti Rehia Environmental Management Plan.

Not achieved: fund made available but no applications received.

Partially achieved: one pānui was circulated in the 2006-2007 financial year.

Achieved: Council has supported groups making applications to the Biodiversity Condition Fund. Lake Omapere restoration project funding gained through MFE Sustainable Management Fund.

Not achieved: funding made available but no applications received.

Not achieved: discussions held with Te Puni Kōkiri, Rūnanga CEOs and iwi technicians with no firm commitment to investigations gained.

Achieved.

Not achieved.

Revenue and Financing Policy (Extract)

Introduction

The objective of this Revenue and Financing Policy is to ensure that the Council funds its activities in a relevant, equitable and legally appropriate manner.

The Principles

The following principles have been taken into account:

- The community outcomes to which the activity contributes.
- The distribution of benefits between the community as a whole, identifiable parts of the community and individuals.
- The period in or over which those benefits are expected to occur.
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- The costs and benefits, including consequences for transparency and accountability of funding any activity distinctly from other activities.
- The impact of any allocation costs and the recovery of costs on the current and future social, economic, environmental and cultural well-being of the community.
- A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.
- That a local authority's strategic assets as defined in Section 5 of the Local Government Act 2002 shall be included in the list of assets described in its Policy on Significance and be subject to the special consultative procedure.

Funding and Revenue Policy

The sources available for funding the activities of the Council are those provided in the Local Government Act 2002 from 1 July 2003:

- General rates, including uniform annual general charges
- Targeted rates
- Fees and charges
- Borrowing
- Proceeds from asset sales
- Development contributions (territorial authorities only)

- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Investment revenue
- Any other source.

The Council applies the following sources of revenue to fund its activities. The following table show the proposed funding from revenue sources and actual results.

FUNDING MIX

Sources of Revenue	Community Plan 2006-2007 Total Revenue \$	Community Plan 2006-2007 Funding Mix %
Rates	7,655,553	42.5
Investments	7,517,790	41.8
Fees and Charges	2,384,500	13.3
Subsidies	435,780	2.4
Asset sales/capital transactions/other gains	0	0
Total Revenue	17,993,623	100.0

Actual Performance 2006-2007

The requirement to record fair value changes to the income has altered the revenue ratios for the year ended 30 June 2007 against Revenue and Finance Policy targets, as follows:

Revenue Source	Actual 2006-2007 \$	Actual 2006-2007 %	Community Plan %
Rates	7,811,320	30.8	42.5
Investments	6,747,787	26.7	41.8
Fees and Charges	3,171,932	12.5	13.3
Subsidies	642,474	2.5	2.4
Other gains	6,985,249	27.5	0
Total	25,358,762	100.0	100.0

Council Policies continued

Treasury Management Policy (Extract)

Philosophy and Objectives

The Council maintains a conservative risk profile in recognition of its trustee role as the caretaker of public funds.

The Council has adopted a prudent philosophy that treasury activities are a risk management function which focuses on protecting the Council's investments, forecast expenditure, including interest costs and maintaining adequate liquidity and stable cash flows. The Council does not undertake any treasury activity that is unrelated to its underlying cash flows or is speculative in nature.

The key objectives of the Treasury Management Policy are:

- To ensure that the Council can meet its financial commitments as they fall due by maintaining adequate liquidity.
- To optimise investment returns within the constraints of a prudent investment regime.
- To protect the Council's financial assets and prevent unauthorised transactions.
- To provide appropriate finance in terms of both maturity and interest rate and manage Council's borrowing programme to ensure funds are readily available at margins and costs favourable to Council.
- To recognise and report on interest rate risks and credit exposure and minimise the impact of adverse interest rate movements.
- To monitor and report on treasury and investment performance.
- To maintain professional relationships with financial market representatives and the Council's principal banker in particular.

Investments

The Council's objective is to optimise returns in the long term while balancing risks against returns. This policy recognises that a responsible public authority has a low risk profile which generally results in lower returns. The Council holds the following mix of investments:

- Financial investments
- Equity investments
- Forestry

- Investment property
- Northland Regional Council Community Trust

All investments are expressed in New Zealand dollars and no investments or borrowings are made in foreign currencies.

Financial Investments

Investment income and interest earned on surplus funds help to meet the costs of the Council's activities.

Investments are generally made with creditworthy institutions as determined by their Standard and Poors credit rating. Investment of surplus funds was limited to Local Authority and Government Stock and approved corporate bonds and deposits with New Zealand registered banks.

Actual Performance 2006-2007

Interest yield at balance date:	8.11%
Average bank bill rate:	7.71%

Equity Investments

The Council owns 52.4 per cent of the equity capital of the Northland Port Corporation (NZ) Limited. These shares are recorded at a mix of deemed and actual cost of \$8,058,150.25 (being 22,795,601 ordinary shares of 25c each nominal value). The remainder of the share capital is publicly owned and all shares are listed on the Stock Exchange of New Zealand.

Actual Performance 2006-2007

The dividend received of \$1,938,192 represents a return of 2.5% on a holding of 22.8 million shares with a capital value of \$77.5 million at balance date.

Forestry Investments

The Council and its predecessors have been involved in forestry since exotic forest planting started in the 1970s. The Council currently owns 524 hectares of plantation and soil conservation forests which are located in the Whangarei area. The Council intends to develop, maintain and protect its timber plantations, in order to maximise long term revenue while meeting the Council's environmental responsibilities.

There are several different methods of selling forests and the Council has chosen the per tonne stump sale basis, which minimises harvesting risks. There is no benchmark for this method and tender prices received determine the industry average at the time of sale. Valuations by registered forestry valuers are obtained to ensure that the tenders received are reasonable.

Actual Performance 2006-2007

The value of the forestry investment has increased this financial year by \$253,000 to a value of \$1,766,000.

Investment Property

The Council owns investment property in the Whangarei area. Properties are leased on medium to long term leases and revenue is stable owing to the nature of ground leases. Advice is sought on an ongoing basis from the Council's property consultants.

Actual Performance 2006-2007

The current market value of investment property increased this financial year by \$4,822,786 to \$45,062,538 (last year \$40,239,752) or by 11.9 per cent over the 2006 net current market value. The return achieved was \$2,219,394, 4.9 per cent on the adjusted current value of \$45,062,538 at balance date.

Northland Regional Council Community Trust

The Northland Regional Council Community Trust was established for the purposes beneficial to the community on the 1 December 1996.

The Trust was set up with corpus of \$12.1 million.

Actual Performance 2006-2007

Value at the end of the year is \$11,967,201 reduced from \$12,586,962 at 30 June 2006.

Liability Management Policy

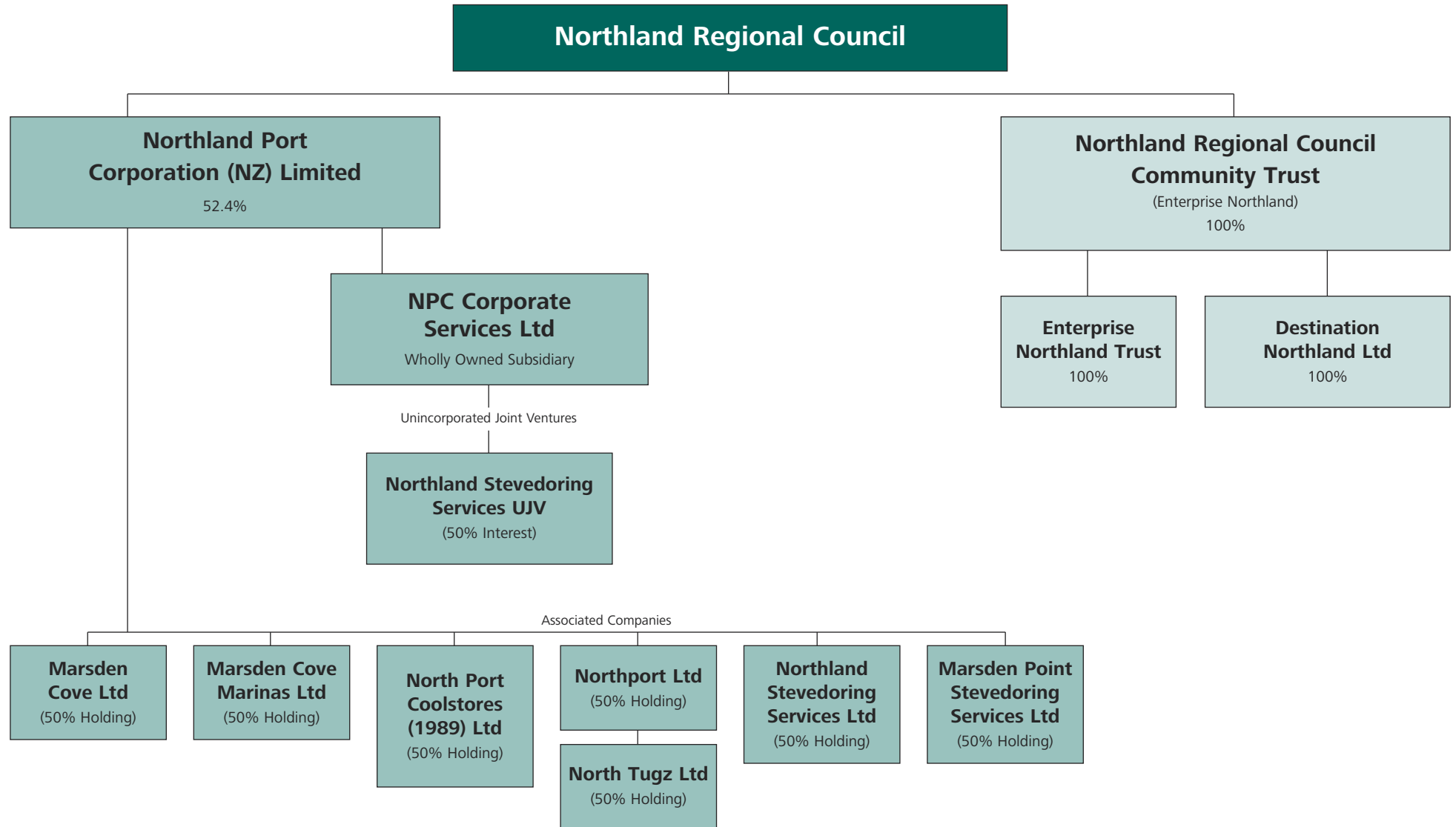
The Council's borrowing is minimal and relates only to the occasional use of an overdraft facility. Notwithstanding, this policy recognises that the Council may prudently apply debt funding in future to any significant or new activities, in order to acknowledge the principle of intergenerational equity.

Actual Performance 2006-2007

There has been no new borrowing and all debt was repaid last year. There is now no external debt left. The policy has been complied with in full, as illustrated:

	Target	Actual
Interest Expense as a percentage of operating cashflows	15.0%	0.0%
Net external debt per capita	\$220.00	\$0.00
Debt to ratepayers equity	33.0%	0.0%

Group Structure



Northland Port Corporation (NZ) Limited

Port Ownership

The Northland Regional Council owns 52.4 per cent (22.8 million shares) of the issued capital of the Northland Port Corporation (NZ) Limited, which is presently 43,474,369 ordinary shares of 25 cents each. The balance of shares are held by the public and all shares are listed on the New Zealand Stock Exchange.

The Council reviews its shareholding in the company during the triennial review of its strategic plan.

There are six directors of the Northland Port Corporation (NZ) Limited. Two directors retire by rotation each year. The following are the directors confirmed at the 2006 Annual General Meeting of shareholders:

Mr M W Daniel, Chairman

Mr G E Vazey, Deputy Chairman

Mr M R Gross

Mr R J McKay

Mr S G A Semenoff

Mr I C Walker

Company Operations

Over the last few years the Company has rationalised its operations and is now essentially an investment company with holdings in the following companies:

Northport Limited	50.0%	Port operating company
Northland Stevedoring Services Limited	50.0%	Stevedores
North Port Coolstores (1989) Limited	50.0%	Coolstore operators
Marsden Cove Limited	50.0%	Property developer
Marsden Cove Marinas Limited	50.0%	Marina Operator
Marsden Point Stevedoring Services Limited	50.0%	Non-trading

Northport Limited operates a deep water port facility at Marsden Point.

North Port Coolstores (1989) Limited operates a coolstore at Port Whangarei. Marsden Cove Limited is currently undertaking marina and residential waterway development in the Marsden Bay area.

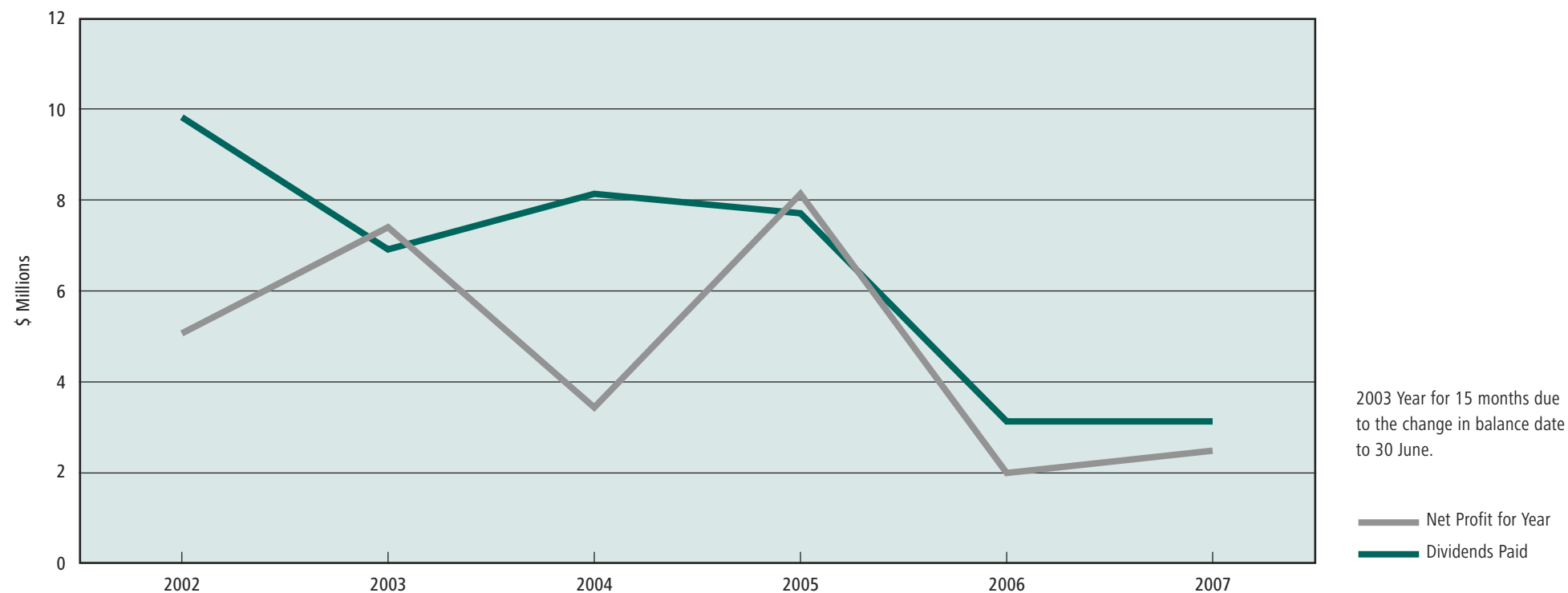
The Company also owns approximately 180 hectares of industrially zoned land in the Marsden Point area which is being progressively developed for industry which utilises the port at Marsden Point.

Company Financial Data

As a listed company, the Northland Port Corporation (NZ) Limited is not required to publish a Statement of Corporate Intent nor provide budget estimates to the Council, its major shareholder. The corporation is exempt from the Council Controlled Organisations provisions of The Local Government Act 2002.

Northland Port Corporation (NZ) Limited continued

Profit and Dividend Results



Year Ending 30 June *	2002	* 15 months 2003	2004	2005	2006	2007
Turnover	\$18.68 M	\$12.20 M	\$6.1 M	\$6.2 M	\$6.2M	\$6.5M
Net Profit for Year (after tax)	\$5.04 M	\$7.36 M	\$3.36 M	\$8.1 M	\$2.0M	\$2.39M
Dividends Paid	\$9.75 M	\$6.84 M	\$8.09 M	\$7.7 M	\$3.04M	\$3.04M
Net Asset backing per share	103.16c	104.41c	201.72c	252.1c	281.6c	285.04c
Return on average shareholders' funds	11.17%	17.1%	5.3%	8.4%	1.7%	2.04%
Return on Assets	10.9%	17.1%	3.9%	7.2%	1.6%	1.8%
Shareholders' equity	92.87%	100%	96.19%	97.3%	95.1%	95.14%
Shareholders' equity	\$42.78 M	\$43.3 M	\$83.7 M	\$109.6 M	\$122.4M	\$123.9M

Northland Regional Council Community Trust

The Northland Regional Council established a Community Trust in 1996 to encourage and promote sustainable economic development for the benefit of the people of Northland. Trading as “Enterprise Northland”, the Trust has continued to implement the recommendations made in the 2002 Strategy for the Sustainable Economic Development of Northland, and to operate as a successful Regional Economic Development Agency. This strategy has been updated to cover the period 2007 – 2011. The Trust’s capital of \$12M at June 2007 was provided from the profit on the Council’s sale of 10 million shares in Northland Port Corporation (NZ) Limited in 1992, plus retained earnings and losses to date.

The activities of the Trust are governed by a Trust Deed. In accordance with the requirements of the Trust Deed, the Deed is to be reviewed every five years, with the latest review being completed in June 2006. There are currently eight Trustees and a Chief Executive Officer. Key objectives of the Trust are:

- To implement and facilitate the recommendations from the Strategy for the Sustainable Development of Northland.
- To operate a successful Regional Economic Development Agency.
- To manage the investment fund effectively in order to provide income to the Trust.
- To work in partnership with District Economic Development Agencies and their Councils, business and industry sectors, iwi, central government agencies and other key stakeholders in the Northland economy.

The general activity of the Trust as defined in Section 4 of the Trust Deed, shall be to encourage and promote investment in the development of the Northland Region by providing technical assistance and advice, by performing a co-ordination and advocacy role, and by facilitating access to business finance, provided however that such activities are undertaken with a focus on benefits to the community rather than individual benefit.

Enterprise Northland

In accordance with the requirements of the Local Government Act 2002, Enterprise Northland prepares an annual Statement of Intent outlining its objectives and performance standards for the coming year’s activities. Core areas of activities as detailed in the Statement of Intent include:

- Regional Economic Development
- Development groups and business investment
- Communications, including brand and image
- Skills development
- Enterprise education
- Major regional initiative – “Activate Northland”
- SME business development
- Māori economic and business development
- Best practice.
- Regional Marketing
- Infrastructure Development.

Northland Regional Council Community Trust continued

Destination Northland Limited

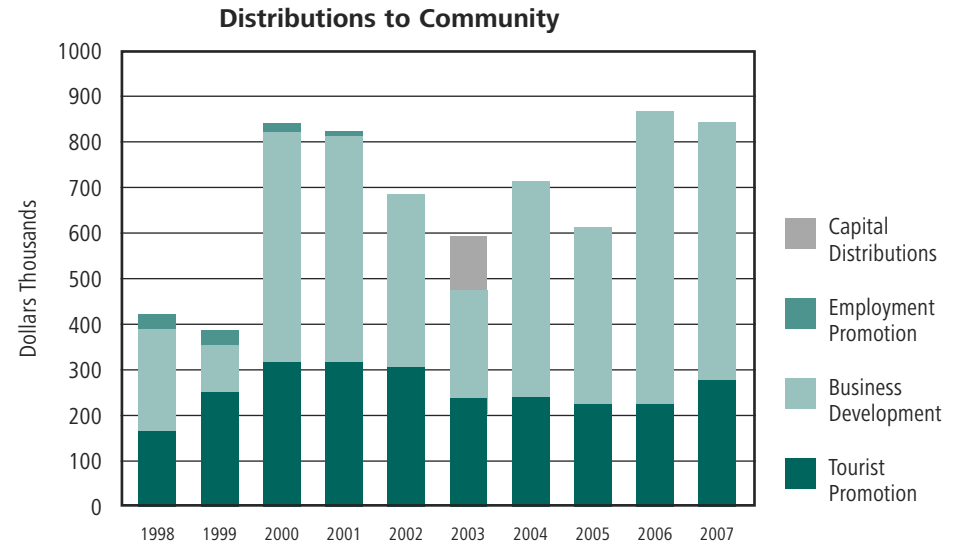
Destination Northland's mission is to assist Northland businesses and communities to maximise and manage the sustainable economic benefits of increased visitor numbers through partnership. It has been very successful in meeting its primary objective of increasing visitor market share for Northland. It has won national recognition for its promotional and development initiatives, in particular, for its work in establishing the Northland touring route, the Twin Coast Discovery Highway, as a leading visitor and community asset.

The Destination Northland Annual Business Plan forms the basis of quarterly reports to the Community Trust and the Northland Regional Council.

During 2006-2007, Destination Northland Limited has continued its focus on:

- Increasing the total number of visitors to the region and their length of stay.
- Achieving an increase in total tourism expenditure in the region.
- Providing assistance to help manage the impact of increased tourist numbers on the region.
- Encouraging new tourism investment in the region.

In the 2006-2007 year the Northland Regional Council Community Trust distributed \$849,000 (last year: \$875,000) in support of its regional economic and tourism initiatives.



Council Controlled Organisations

Northland Regional Council Community Trust (trading as Enterprise Northland)

LEVEL OF SERVICE: The level of service is set in the Trust's annual Statement of Intent.

Detailed targets

- **Review and update the Northland Regional Economic Development Strategy**

Performance Measure:

- Delivery of completed Economic Development Strategy.

- **Regional Marketing**

Enhancement of Northland's position as a leading destination by:

- Continuing to enhance Northland's position as a leading destination by funding Destination Northland Limited to market the region as a visitor destination and to address recommendations in the 2003 Tourism Strategy; and
- Continuing to assist communities in the delivery of improved visitor experiences, in order to increase visitor numbers, length of stay and spend, thus creating sustainable economic benefits and employment within communities.

Performance Measures:

- Increase the total number of visitors to the region by > 3.0%.
- Maintain Northland's market share of visitor nights at > 5.36%.
- Assist in achieving a 2% annual growth in Northland full time accommodation employment from a base of 1210.

- **Major Regional Initiative (MRI) – Activate Northland**

- Continue implementation of the MRI in accordance with roll-out plan.

Performance Measures:

Meet MRI milestone targets including:

- Complete Interim final report on the Tourism MRI;
- Increase revenue generation from visitor expenditure by \$53M.
- Increase the number of jobs resulting from visitor expenditure by 350 full time equivalents (FTE's).
- Increase inward investment from the development of Major Tourism Products to \$92.5M.
- Increase the number of jobs resulting from Inward Investment to 350 FTE's.

Actual Service Performance

Achieved: Final strategy delivered for joint NRC, District council and Trust released in June 2007.

Achieved: number of visitors increased by 3.2%.

Achieved: markets share of visitor nights is currently 5.42%.

Achieved: accommodation employment is currently 1550 FTEs.

Achieved: Interim report completed in May 2007.

Achieved: Provisional * increase in visitor expenditure is \$107M.

Achieved: Provisional * increase in FTE's is 737.

Achieved: Provisional * inward investment is \$175M.

Achieved: Provisional * number FTE's resulting from inward investment is 662.

* Provisional results will be confirmed in the final MRI report due to be completed by 31 December 2007.

Northland Regional Council Community Trust (trading as Enterprise Northland) continued

Detailed targets

- **Enterprise Education Programmes**

Performance Measure:

- Develop a suite of Enterprise Education Programmes.

- **Young Enterprise Scheme**

Performance Measure:

- Increase the number of YES company teams.

- **Māori participation in Enterprise education**

Performance Measure

- Increase Māori participation levels.

- **Identification & implementation of relevant recommendations from the Northland Economic Strategy in Tourism, Forestry & Farming**

Performance Measure:

- Annual action plan milestones achieved. Eg. Farming - continued implementation of the SFF project, "Northland Pastoral Extension".

- **Identification & implementation of relevant recommendations from the Northland Skills Strategy**

Performance Measure:

- Open the Northland HSE Centre.

Actual Service Performance

Achieved: Programmes successfully introduced with 313 students participating during the year.

Achieved: Number of participating teams increased from 55 to 57 during the year.

Achieved: participation increased from 61 to 77 during the year.

Partly achieved: The Northland Pastoral Extension project is a 3-year project, designed to increase pastoral productivity in Northland by making results of relevant research work available to farmers in Northland in order to improve farm management practices and production.

Achieved: Farming: FarmFest (part of 'Northland Pastoral Extension') celebrated the importance of farming to the Northland economy & was held from 30 April to 6 May; there were a range of events for different key audiences i.e. 'townies', students, farmers, with some of the key ones being Ballance Farm Environment Awards and the annual farmer conference, this year opened by the Minister of Agriculture; the Pastoral Extension project officially finished on 30 June but there are a few small projects to be completed by the 4th quarter 2007.

Achieved: The SafeTrades North health and safety education (HSE) Centre was officially opened at the end of March 2007. This facility is the result of collaboration between NorthTec and the private sector and helps to ensure that health and safety training for employees and contractors working on Northland industrial sites is consistently delivered. Enterprise Northland was instrumental in securing part of the funding (sponsorship and private investment) for the centre.

Detailed targets

- **Work in partnership with the District Councils to assist delivery of specific opportunities/needs identified within their plans.**

Performance Measure:

- Work with the Kaipara Development Agency to ensure optimal collaboration and alignment of activity with Enterprise Northland.

- **Nature and scope of activities**

Actual Service Performance

Achieved: New partnership with Kaipara agreed to provide EDA services via Enterprise Northland in March 2007.

The nature and scope of activities planned for the Northland Regional Council Community Trust did not differ materially from the activities actually provided during the year.

Full details on the service performance of the Northland Regional Council Community Trust can be found in the Trust's 2006-2007 Annual Report and the progress report on the implementation of the 2002 Strategy for Economic Development in Northland.