

# *Northland Regional Council* **Annual Report 2008**



**Caring for Northland  
and its environment**

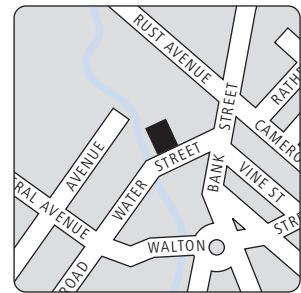
**NORTHLAND  
REGIONAL  
COUNCIL**



## Directory

### Main Office

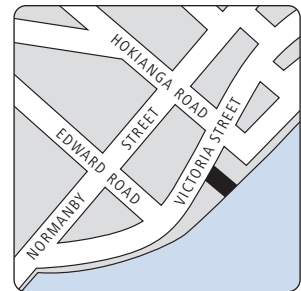
Street Address: 36 Water Street, Whangarei.  
Postal Address: Private Bag 9021, Whangarei 0140.  
Telephone No: 09 438 4639  
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Email: [mailroom@nrc.govt.nz](mailto:mailroom@nrc.govt.nz)  
Freephone: 0800 002 004  
24/7 Environmental Hotline: 0800 504 639  
Website: [www.nrc.govt.nz](http://www.nrc.govt.nz)



WHANGAREI

### Dargaville Office

Address: 61B Victoria Street, Dargaville 0310.  
Telephone No: 09 439 3300  
Facsimile No: 09 439 3301



DARGAVILLE

### Kaitaia Office

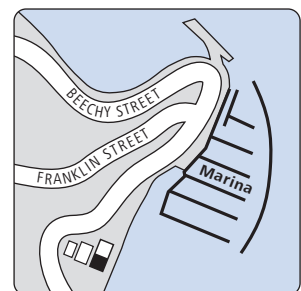
Address: 192 Commerce Street, Kaitaia 0410.  
Telephone No: 09 408 6600  
Facsimile No: 09 408 6601



KAITAIA

### Opua Office

Address: Unit 10, Opua Marine Park, Opua 0200.  
Telephone No: 09 402 7516  
Facsimile No: 09 402 7510



OPUA

## Mission Statement

The Northland Regional Council will provide policies, guidance and resources which encourage and enable the Northland community to manage and enhance its environment in a sustainable manner.

Ka whakatakotohia e te Kaunihera A Rohe O Te Tai Tokerau ngā kaupapa ture, ngā kaupapa hei arataki me ngā rawa hei whakahau kia taea ai e ngā tāngata o te Tai Tokerau te whakahaere me te whakatairanga a ukauka i te taiao.



# *Northland Regional Council Annual Report 2008*

Introduction 2

Foreword from the Chairman and Chief Executive Officer 3

Our Activities 4

Measuring our performance 4

Highlights of the Year 5

Financial Highlights 6

Governance Structure 8

Council Management Structure 9

Your Regional Councillors 10

Council Committees and Advisors 11

Audit Report 12

Statement of Compliance 14

## **Council Activities 15**

Planning and Policy 16

Consents 30

Environmental Monitoring 34

Land Operations 46

Council and Strategic Development 60

Finance and Information Services 68

## **Financial Statements 71**

Consolidated Statement of Financial Performance 72

Consolidated Statement of Changes in Equity 73

Consolidated Statement of Financial Position 74

Consolidated Statement of Cash Flows 76

Reconciliation of Net Surplus to the Cash Flows  
from Operations 77

Statement of Accounting Policies 78

Notes to the Financial Statements 90

## **Council Policies 123**

Equal Employment Opportunities 124

Health and Safety 124

Policy on the development of Maori Capacity 125

Revenue and Financing Policy (Extract) 127

Treasury Management Policy (Extract) 128

## **Group Entities 131**

Group Structure 132

Northland Port Corporation (NZ) Limited 133

Northland Regional Council Community Trust 134

Council Controlled Organisations 135

## Introduction

### *Welcome to the Northland Regional Council's Annual Report for the year ending 30 June 2008.*

This Annual Report is the Council's key accountability document to our stakeholders – from regional ratepayers to financial institutions and government agencies. It explains our progress in delivering what we set out to achieve, and our involvement in working towards social, economic, environmental and cultural outcomes for the Northland region.

The way in which most of the information is shown is governed by legislation, such as the Local Government Act 2002 and standard accounting practices - although this Annual Report differs from previous years in the way we present some of the key sections, to make it easier to see what we do and our financial and service performance. You will find general information about Northland Regional Council, our roles and the activities we perform, in the front of the document. A useful section is Highlights 2008, where you will find the key areas in which we have delivered services to the region, and our financial performance.

There are five key activity areas at Northland Regional Council: Planning and Policy; Consents; Environmental Monitoring; Land Operations; Council and Strategic Development. In each area we present our key performance indicators – the targets we use to measure our success and financial performance.

### The Summary Report

The Council has also produced a summary of this report. The summary outlines the most important information, so as to give you an easy snapshot of exactly what we have achieved on your behalf in the past year. This summary is available from all our offices and can be found on our website: [www.nrc.govt.nz/annualreport](http://www.nrc.govt.nz/annualreport)

### Our Role

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

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

### Our Direction

In 2006, we published the Northland Community Plan 2006-2016, explaining the services we planned to deliver, the costs, how we expected to pay for those services and how we'd measure our performance. This Annual Report explains what we have delivered, and how we have delivered it in the 2007-2008 financial year.

In 2005, the Northland Regional Council and Far North, Kaipara and Whangarei District Councils undertook a joint process to identify regional community outcomes for Northland. Community outcomes describe what the people of the Northland region value and what they would like the region to be like in the future.

We continue to work with a range of other organisations including government departments, industry and community groups, Maori, private enterprise and the region's three territorial authorities, to achieve these community outcomes.

The community outcomes form the basis of the levels of service presented in the Annual Report and ensure we retain a clear sense of what we want to achieve. They also show how all areas of our work are interlinked.



## Foreword from the Chairman and Chief Executive Officer

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

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

Major advances were made towards the pending designation of a Marsden Point rail link corridor and the first steps were also taken towards possible development of a multimillion dollar publicly-owned broadband network tailor-made for the Northland region.

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

Change – at both a political and organisational level – was another feature of the 12 months covered by this report.

The October local body elections saw the Regional Council gain two new members – John Bain and Joe Carr – while at a District level, three new Mayors were elected, reflecting the wider community's desire for a fresh approach.

The year also involved alterations to both staff and Councillor positions as part of an ongoing and extensive across-the-board review of the way the Northland Regional Council operates.

Council has a new Deputy Chairman (the Far North's Ian Walker) and its Committee structure has also been revamped – including the introduction of a new Audit and Finance Committee – to make the best possible use of resources and Councillors' skills.

In a similar vein, Council also undertook an internal restructure designed to ensure its staff continues to deliver the best possible service to the region, as a whole.

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

An independent review also recommended significant changes to the way the \$12 million Northland Regional Council Community Trust and its two subsidiaries – regional tourism body Destination Northland Ltd and the Enterprise Northland Trust – are run.

The weather was another feature of the period covered by this report, including significant flooding early in the financial year which contributed to a subsequent Council decision to focus considerable resources into catchment management.

On the transport front, the Regional Council expended considerable energy over the 2007-2008 year to ensure the recent introduction of a new public bus fleet in Whangarei was a success.



To those who contributed to the Regional Council's successes over the 2007-2008 year, a personal thank you from us both.

As always, we look forward to continuing to work with you – the community – and our local authority colleagues to ensure Northland continues to advance and prosper.

We thank all those who have worked hard and contributed to achieving Council's successes over the last year; the community, our colleagues in the three District Councils and their agencies, and in particular, our councillors and staff.

### He Korero Whakamutunga

Ahakoā ngā paweraweratanga  
Ahakoā ngā piki me ngā heke  
Ahakoā awangawangatanga  
Ahakoā ngā whakahoa rautaki  
I te mutungā, ka hoki mai ki a tatou o  
Taitokerau te whakaoti, te whakatuturu.

### Closing Statement

In spite of all our sweat  
In spite of all our ups and downs  
In spite of all our worries  
In the end, it all comes back to us  
the people of Taitokerau for  
completion and implementation.

**Mark Farnsworth**  
Chairman

**Ken Paterson**  
Chief Executive Officer

## Our Activities

*Our staff and business groups are involved in a wide range of activities. These include:*

### Awards and Funding

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

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

### Biosecurity

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

### Education and Public Information

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

### Emergency Management

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

### Harbours

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

### Land Management

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

### Pollution Control

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

### Tourism and Business Development

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

### Transport

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

### Environmental Planning and Monitoring

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

### Flood protection

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

### Water management

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

## Measuring our performance

We keep track of our performance during the year so we can measure how effective we have been in delivering on our plans for the region. Through our Annual Report we aim to keep you informed and make ourselves accountable.

There are five key activity areas at Northland Regional Council: Planning and Policy; Consents; Environmental

Monitoring; Land Operations; Council and Strategic Development. In each area we present our key performance indicators – the targets we use to measure our success and financial performance. The indicators are based on the community outcomes, as set out in the Northland Community Plan, 2006-2016.

# Highlights of the Year

*A snapshot of the key successes that the Northland Regional Council and our community jointly achieved in 2007-2008.*

## Elections

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

## Governance Changes

A new Deputy Chairman and reassignment of Committee membership were the two main changes to Council's governance structure in June 2008. Council restructured the governance arrangements to align with management changes within the organisation.

## Northland Regional Events Centre

The Northland Regional Events Centre proposal was down-sized from around \$30 million in the original proposal to a fixed price of \$16 million, and expressions of interest from contractors were called to look at the project on a design-build basis.

## Broadband

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

## Buses

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

## Our Awards

Council celebrated three major achievements during 2007-2008 with awards for the best council website, the 'Organisation of the Year Award' to the Northland Civil Defence Emergency Management (CDEM) Group and 'Training Coordinator of the Year' awarded to Civil Defence Emergency Management Senior Programme Manager Graeme MacDonald.

## New Zealand's Best Council Website

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

## CDEM Organisation of the Year

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

## Training Coordinator of the Year

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

## Funding of Awards

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

## Cruise Ships

Northland saw its busiest cruise ship season over the summer of 2007-2008, with 22 cruise ships calling into the Bay of Islands, four on their inaugural visit here, carrying a total of 18 thousand passengers.

## Storm Events

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

## Financial Highlights

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

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

The operating surplus of \$5.9 million includes other revenue of \$2 million which arises from the recognition of fair value movements in our financial investments, investment property and forestry assets. Under NZ IFRS certain fair value movements are recognised as income in our financial statements even though the Council has not actually received any additional cash. The fair value increase for the current year relates to the increase in value of our investment properties. Council budgeted fair value movements of \$600,000. Gains and losses resulting from fair value movements do not represent additional cash collected by the Council and therefore the surplus

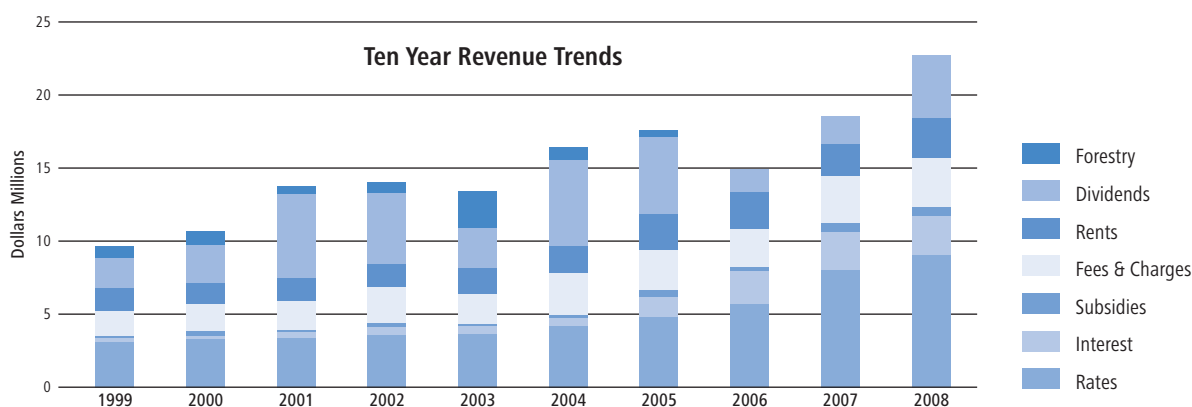
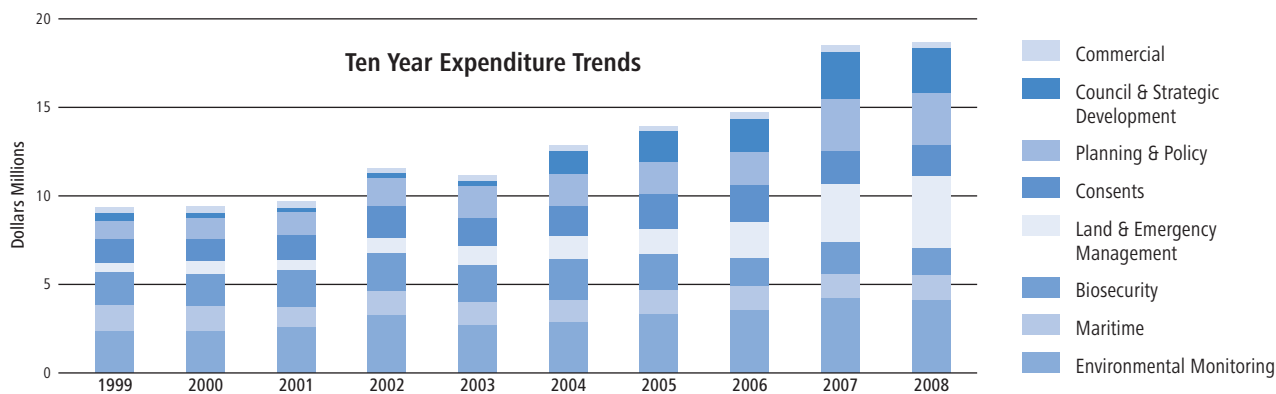
cannot be used to offset rates or fund Council's planned expenditure for future financial years.

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

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

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

Overall the net result reflects the sound financial management of Council and continues the trend of a strong financial position.

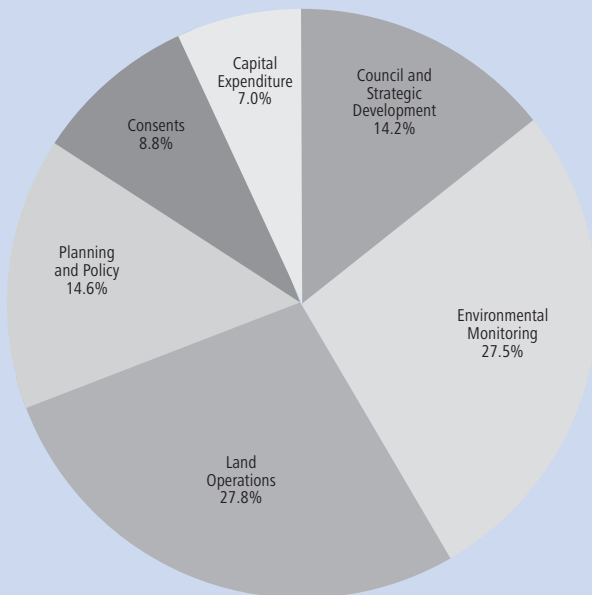




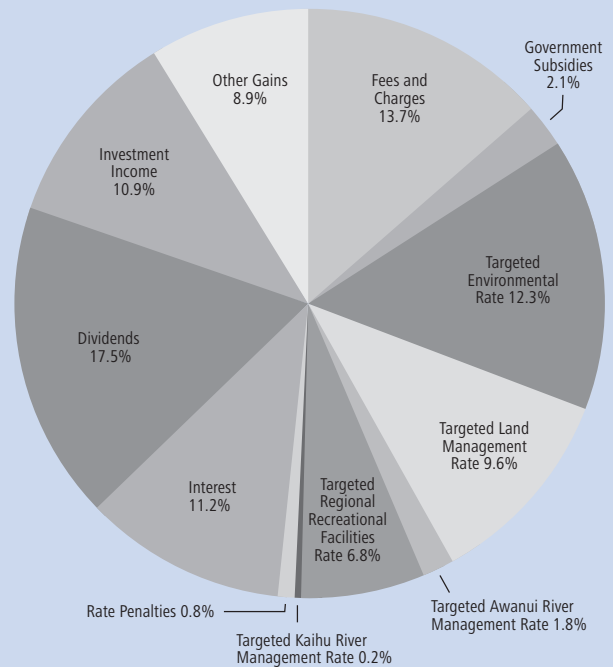
# Financial Highlights

For the Year Ended 30 June 2008

**Expenditure on Activities**



**Sources of Revenue and Funding**

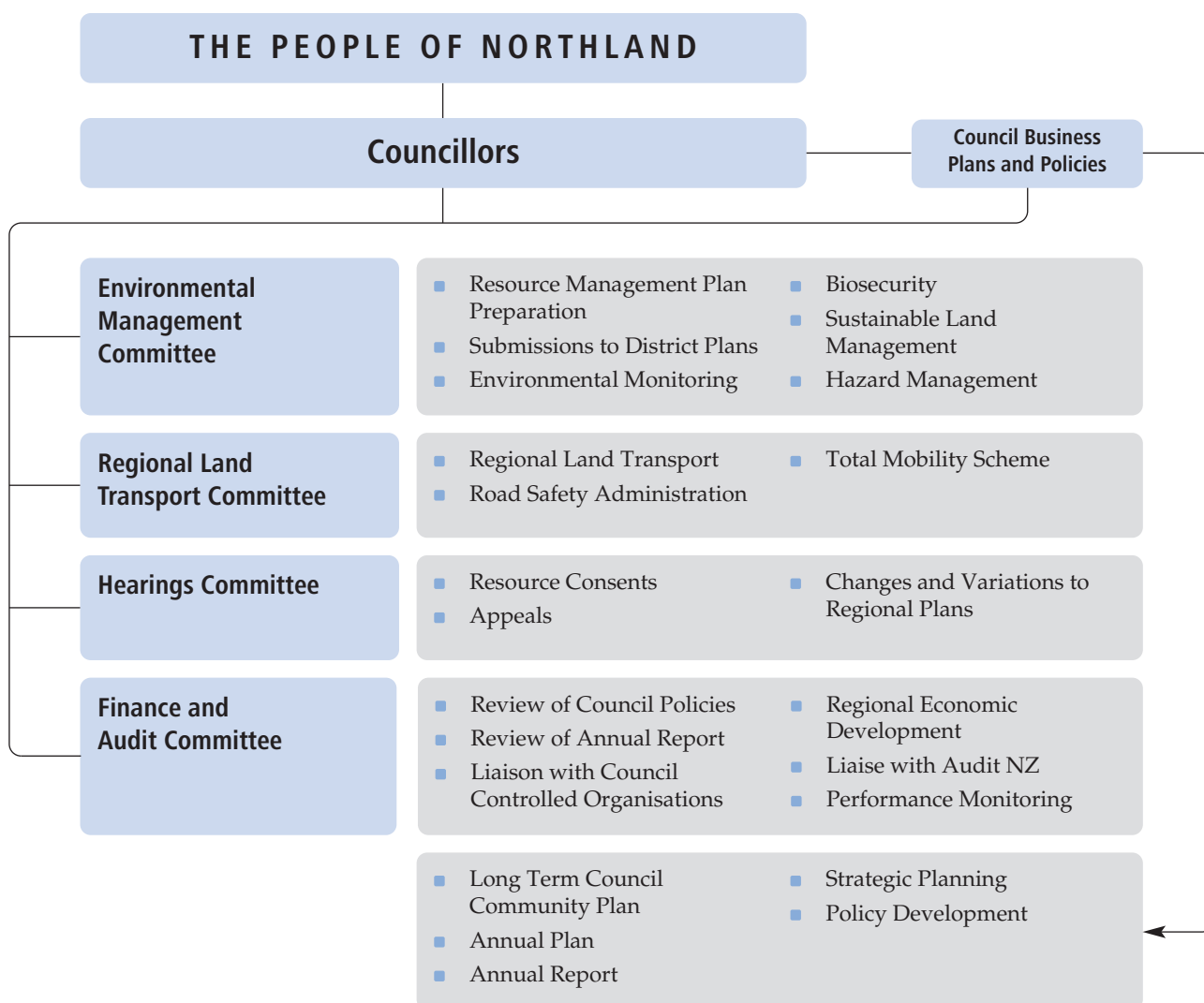


Expenditure on Activities	\$
Council and Strategic Development	2,819,754
Environmental Monitoring	5,463,084
Land Operations	5,536,101
Planning and Policy	2,907,167
Consents	1,752,913
<b>Operating Total</b>	<b>18,479,019</b>

Capital Expenditure	1,400,180
<b>Total Expenditure</b>	<b>19,879,199</b>

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

## Governance Structure



Full details of all Council's Governance arrangements and processes are contained in its Governance Statement. A copy of Northland Regional Council's Governance Statement is available on request, or by visiting the website: [www.nrc.govt.nz](http://www.nrc.govt.nz).

# Council Management Structure



\* Activity Support Services



## Your Regional Councillors



### **Mark Farnsworth – Chairman**

*Represents Kaipara District*

Phone: 09 431 5438

Email: markf@nrc.govt.nz

Mark Farnsworth has represented the Kaipara since 1992 and was elected Council Chairman in October 2001.

Mr Farnsworth has a Master's Degree in Geography and a forestry and farming background. He is a past National President of the New Zealand School Trustees Association and operates a small management partnership. He is also a Justice of the Peace.



### **Ian Walker – Deputy Chairman**

*Represents Far North District*

Phone: 09 408 0072

Email: ian@nzfarmers.com

Ian Walker is a farmer, horticulturist and businessman. He is currently President of Farmers of New Zealand and a Director of Northland Port

Corporation NZ Limited. This is his second term as a Regional Councillor and he was appointed Deputy Chairman in June 2008.



### **John Bain**

*Represents Whangarei District*

Phone: 09 437 6096

Email: jbain@internet.co.nz

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

A former member of the Northland District Health Board, Cr Bain has had a 35-year involvement with the Northland Ambulance Service, including many years as its Chairman. Cr Bain has been self-employed since his early 20s and is currently in the importing business.



### **Craig Brown**

*Represents Whangarei District*

Phone: 09 432 7575

Email: cae.brown@xtra.co.nz

Craig Brown is the former Mayor of the Whangarei District Council and is serving his second term on the Regional Council. He is a former

policeman, and has been involved in farming and real estate. He has been heavily involved on school boards of trustees since their instigation, for which he received an award for services to education from the New Zealand School Trustees Association. Cr Brown was on the Whangarei District Council for 12 years, six of them as Mayor.



### **Joe Carr**

*Represents Far North District*

Phone: 09 401 9197

Email: carr.clan@farmside.co.nz

Okaihau-based Joe Carr has local business, farm and forest interests and is also a Justice of the Peace.

He is a trustee of the Far North Life Education Trust and is a former Far North District Councillor. Cr Carr has served on a number of Regional Council Committees over the past nine years including Civil Defence and Emergency Management, Regional Land Transport and Landcare. He has previously been a Hearing Commissioner and Appeal Negotiator for the Far North District Council.



### **Lorraine Hill**

*Represents Far North District*

Phone: 09 403 7504

Email: lorrainehill8@xtra.co.nz

Lorraine Hill, QSM, has been active in local government in the Far North for more than 20 years and is now serving her fourth term on the

Regional Council. She has also been involved in tourism organisations in Northland for more than 25 years. She is a member of several organisations involved in Māori development in Northland.



### **Peter Jensen**

*Represents Whangarei District*

Phone: 09 437 6386

Email: peterje@clear.net.nz

Peter Jensen has represented the Whangarei constituency since 1992. He is a retired businessman who was involved in the clothing industry for

most of his working life. A former member of the Whangarei City Council, he has served on a number of commercial and community organisations. Mr Jensen is also a member of the Northland District Health Board.



### **Bill Rossiter**

*Represents Whangarei District*

Phone: 09 437 2807

Email: billr@igrin.co.nz

Bill Rossiter is serving his fourth term on the Regional Council. He previously served as a Whangarei District Councillor. He is a

Northpower trustee and was previously the Road Safety Co-ordinator for RoadSafe Northland. He is active in community organisations, including Rotary. Mr Rossiter is also Chairman of the Maunu Children's Health Camp.

## Council Committees and Advisers

*The Chairman, Mark Farnsworth, is an ex-officio member of all committees.*

### Environmental Management Committee

Councillors Craig Brown (Chairman), Joe Carr (Deputy Chairman), Mark Farnsworth (ex officio), John Bain, Lorraine Hill, Peter Jensen, and Bill Rossiter.

- Mrs Fiona King representing the Far North District Council.
- Cr Crichton Christie representing the Whangarei District Council.
- Cr Brian McEwing representing the Kaipara District Council.
- Mr Gerry Brackenbury representing Environmental Interest Groups (nominated by Northland Regional Council).
- Mr Wayne Ward representing the Farming Community (nominated by Farmers of New Zealand).
- Mr Chris Jenkins representing the Department of Conservation.
- Mr Andrew Warren – NZ Forest Owners Association representing the Forest Industry.
- Mr Mike Kake representing Cultural Interests.

### Regional Land Transport Committee

Councillors John Bain (Chairman), Joe Carr (Deputy Chairman), Mark Farnsworth (ex officio).

- Mr Tom Baker representing the Far North District Council.
- Cr Phil Halse representing the Whangarei District Council.
- Cr Richard Alspach representing the Kaipara District Council.
- Mr Peter Kippenberger representing Land Transport NZ.
- Mr Peter Spies representing Transit NZ.
- Mrs Lynette Stewart representing Northland District Health Board.
- Ms Jo Douglas representing Enterprise Northland.
- Mr Gavin Roberts - Bus & Coach Association of NZ representing Access and Mobility.
- Mr Steve Westgate representing Environmental Sustainability.
- Mr Mike Kake representing Cultural Interests.
- Inspector Clifford Paxton - New Zealand Police representing Safety and Personal Security.
- Mr John Williamson – NZ Automobile Association.

### Hearings Committee

Councillors Lorraine Hill (Chairperson), Mark Farnsworth (ex officio), Peter Jensen, Craig Brown, Joe Carr, Ian Walker and John Bain (upon completion of training).

Any two (or more) of the above Councillors may be appointed by the Committee (or the Council), to conduct hearings and make decisions on behalf of the Council

under the Resource Management Act 1991 (RMA). The Committee (or the Council) similarly may appoint any individual member/s or other independent person/s as Commissioner/s pursuant to Section 34(1) of the RMA, to conduct a hearing in any particular case. The Committee (or the Council) may also revoke such a delegation at any time, by notice to the delegate.

### Audit and Finance Committee

Councillors Peter Jensen (Chairman), John Bain (Deputy Chairman) Mark Farnsworth (ex officio), Ian Walker, Craig Brown and Bill Rossiter.

### Northland Regional Council Community Trust

The Northland Regional Council Community Trust was established on 25 March 1996 using the proceeds from the sale of some of the Northland Regional Council's majority shareholding in the Northland Port Corporation.

The current trustees are Mike Simm (Chairman), Rawson Wright, Andrew Britton, Richard Drake, Bill Shepherd, Irene Durham and Jane Hindle.

### Representation – Other Organisations

- Northland Civil Defence Emergency Management Group – Cr Bill Rossiter.
- Northland Regional Animal Health Committee – Cr Mark Farnsworth.
- Zone 1 Local Government New Zealand – Cr Bill Rossiter.
- Northland Conservation Board – Cr Craig Brown (observer).
- Northland Tourism Development Group – Cr Lorraine Hill.
- Ruakaka Sewerage Working Party – Cr Craig Brown.

### Advisers

**Auditor:** Audit New Zealand on behalf of the Auditor-General.

**Bankers:** ASB Bank.  
Bank of New Zealand.

**Solicitors:** Burns Fraser Environment Law, Auckland.  
Chapman Tripp, Auckland.  
John G Walton, Auckland.  
Henderson Reeves Connell Rishworth.  
Karenza de Silva, Auckland.  
Laurene Holley, Auckland.  
Law North Partners.  
Paul Diver, Auckland.  
Simpson Grierson, Wellington.  
Thomson Wilson, Whangarei.  
Webb Ross, Whangarei.

**The Chief Executive Officer** is responsible for setting the direction of the Council within the policy framework provided by Councillors. The Management Team is accountable to him, and he is accountable to the Council.

# Audit Report

## TO THE READERS OF NORTHLAND REGIONAL COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Northland Regional Council (the Council) and Group. The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council and group for the year ended 30 June 2008, including the financial statements.

### Unqualified Opinion

In our opinion:

- The financial statements of the Council and group on pages 72 to 122
  - comply with generally accepted accounting practice in New Zealand
  - fairly reflect:
    - the Council type and group's financial position as at 30 June 2008 and
    - the results of operations and cash flows for the year ended on that date.
  - The service provision information of the Council and group on pages 15 to 69 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date
  - The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").
- The audit was completed on 22 October 2008, and is the date at which our opinion is expressed.
- The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data
- verifying samples of transactions and account balances
- performing analyses to identify anomalies in the reported data
- reviewing significant estimates and judgements made by the Council
- confirming year-end balances



## Audit Report continued

- determining whether accounting policies are appropriate and consistently applied
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

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

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the Council or any of its subsidiaries.



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

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements**

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

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

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

## Compliance Statement

Northland Regional Council

### Annual Report

For the Year Ended 30 June 2008

#### Statement of Compliance

1. The Council and its officers are responsible for preparing this report and financial statements and confirm that all statutory requirements of the Local Government Act 2002 have been complied with.
2. In our view, this Annual Report fairly reflects the financial position and operating results of the Council and its subsidiaries for the year ended 30 June 2008.



**Mark Farnsworth**  
Chairman



**Ken Paterson**  
Chief Executive Officer

22 October 2008

# Council Activities

## Planning and Policy 16

- Resource Management Planning Overview 17
- Activity 1.1: Resource Management Planning 17
- Public Communication and Education Overview 22
- Activity 1.2: Public Communication and Education 22
- Transport Overview 25
- Activity 1.3: Regional Transport Management 25
- Activity 1.4: Passenger Services Administration 27

## Consents 30

- Resource Consents Overview 31
- Activity 2.1: Consent Applications 31
- Activity 2.2: Consent Advice and Information 32

## Environmental Monitoring 34

- Environmental Monitoring and Maritime Management Overview 35
- Activity 3.1: State of the Environment Monitoring 36
- Resource Consent Compliance Monitoring Overview 38
- Activity 3.2: Resource Consent Compliance 38
- Activity 3.3: Environmental Incidents Response 40
- Activity 3.4: Hazardous Substances and Contaminated Sites 41
- Navigation and Safety Overview 43
- Activity 3.5: Maritime Operations – Oil Pollution Response 43
- Activity 3.6: Maritime Operations – Harbour Safety and Navigation 44

## Land Operations 46

- Land Operations Overview 47
- Activity 4.1: Hazard and Emergency Management 48
- Activity 4.2: River Management Works 50
- Activity 4.3: Sustainable Land Management 51
- Pest Control Overview 54
- Activity 4.4: Biosecurity Management 55

## Council and Strategic Development 60

- Council and Strategic Development Overview 61
- Activity 5.1: Community Representation and Strategic Planning 62
- Activity 5.2: Regional Development 63
- Activity 5.3: Commercial Investments 66

## Finance and Information Services 68

- Finance and Information Services Overview 69



## Statement of Cost of Activities

### Planning and Policy

For the Year Ended 30 June 2008

Actual 30-Jun-07 Cost of Services \$		Note	Actual 30-Jun-08 Cost of Services \$	Annual Plan 30-Jun-08 Cost of Services \$	Variance \$
	<b>GROSS COST OF ACTIVITIES</b>				
1,137,430	Resource management planning		997,556	1,151,943	154,387
651,916	Public communication and education		761,781	693,930	(67,851)
372,530	Regional transport management		265,647	300,006	34,359
712,712	Passenger services administration		882,183	1,008,931	126,748
<b>2,874,588</b>	<b>TOTAL GROSS COSTS</b>		<b>2,907,167</b>	<b>3,154,810</b>	<b>247,643</b>
	<b>LESS REVENUE</b>				
307,846	User fees and sundry	1	570,789	344,000	(226,789)
411,937	Grants and subsidies		485,529	432,000	(53,529)
1,346,662	Target Fixed Environmental Rate		1,306,426	1,297,896	(8,530)
<b>2,066,445</b>	<b>TOTAL REVENUE</b>		<b>2,362,745</b>	<b>2,073,896</b>	<b>(288,849)</b>
<b>808,143</b>	<b>NET COST OF SERVICES</b>		<b>544,423</b>	<b>1,080,914</b>	<b>(41,206)</b>
10,667	<b>CAPITAL EXPENDITURE</b>		7,623	1,012,350	(1,004,727)

Variance compared to Annual Plan:

Revenue

1. User fee and sundry revenue is greater than forecast due to receiving additional funding of \$230,000 from the Government Aquaculture Planning Fund.

## Levels of Service

# Planning and Policy

## Resource Management Planning Overview

**Council's four resource management planning documents are operative.** The four plans are:

- Regional Policy Statement
- Regional Coastal Plan
- Regional Water and Soil Plan
- Regional Air Quality Plan

Updates of the implementation of the Regional Coastal Plan, Regional Water and Soil Plan and the Regional Air Quality Plan were undertaken in October 2007. The Regional Policy Statement was not updated due to the pending full review of the RPS, and a feasibility study into a consolidated regional planning framework (incorporating the RPS).

Proposed changes to the Regional Water and Soil plan to provide for improvements to the management of water intake, use, damming and diversion (Plan 1) became fully operational in August 2007. Changes to Plan 2, which

provide for the management of discharges, land disturbance and coastal margins has been split with the Farm Dairy Effluent section. This is still currently being processed.

**'AMA restriction areas' were agreed to where aquaculture will effectively be off-limits.** These include marine reserves and areas originally identified in the Council's four-year-old Regional Coastal Plan as inappropriate for aquaculture, including:

- Whangarei Harbour;
  - The eastern Bay of Islands and inner Doubtless Bay;
  - Houhora, Pārengarenga and Rangaunu Harbours; and
  - Large parts of Kaipara Harbour.
- Provision has been allowed for small, non-commercial marae-based aquaculture proposals where they can show they will have negligible impact on the important values of these areas.

## Activity 1.1: Resource Management Planning

**Contribution to Community Outcomes:** Resource Management Planning contributes mainly to the "Northland's natural environment is sustainably managed" community outcome.

**Objective:** The objective of the Resource Management Planning activity is to provide clear policy guidance and rules on the sustainable management of Northland's natural and physical resources.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 1.1.1 Maintain an operative Regional Policy Statement, Regional Coastal Plan, Regional Water and Soil Plan and Regional Air Quality Plan, including development of implementation strategies.

##### Performance Measures and Targets

- Actual progress of approved implementation plans are reported on annually.

##### Actual Service Performance to 30 June 2008

###### Regional Policy Statement:

*Not achieved:* Update not undertaken due to the pending full review of the RPS, and feasibility study into a consolidated regional planning framework (incorporating the RPS). Implementation plans will need to be substantially amended as a result of expected changes to the RPS.

###### Regional Coastal Plan:

*Achieved:* An update of the implementation of the Regional Coastal Plan was undertaken in October 2007.

###### Regional Water and Soil Plan:

*Achieved:* An update of the implementation of the Regional Water and Soil Plan was undertaken in October 2007.

###### Regional Air Quality Plan:

*Achieved:* An update of the implementation of the Regional Air Quality Plan was undertaken in October 2007.

## Levels of Service

# Planning and Policy

## Activity 1.1: Resource Management Planning continued

### 1.1.2 Undertake an annual review of the implementation of the Regional Policy Statement and plans.

#### Performance Measures and Targets

- Annual review report to be completed by December each year.

#### Actual Service Performance to 30 June 2008

As for 1.1.1

*Not achieved:* For RPS but achieved for regional plans through internal reports to Manager Planning and Policy.

### 1.1.3 Prepare a report on the efficiency and effectiveness of the policies and methods within the Regional Policy Statement.

#### Performance Measures and Targets

- Report completed, including an action plan for any improvements identified by 31 August 2006.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* The report was completed in December 2006 along with an action plan for improvements. Delay necessary in order to allow full participation from each of the three district councils in the process.

### 1.1.4 Undertake a full review of the Regional Policy Statement commencing in 2009 (10 years after the Regional Policy Statement became operative).

#### Performance Measures and Targets

- Full review process commenced no later than 30 January 2009.

#### Actual Service Performance to 30 June 2008

*Not applicable 2007-2008:* Preparation for full review will commence in second half of 2008.

## Levels of Service

# Planning and Policy

## Activity 1.1: Resource Management Planning continued

### 1.1.5 Complete proposed changes to the Regional Coastal Plan for Northland providing for:

- (a) Improvements to moorings and marinas management (Plan Change 1).
- (b) The identification of areas of important conservation value within Whangarei Harbour (Plan Change 2).
- (c) Improvements to mangrove management (Plan Change 3).
- (d) The establishment of aquaculture management areas (Plan Change 4).

#### Performance Measures and Targets

- (a) Subject to Environment Court case management scheduling, resolve any appeals on Plan Changes 1 by 1 July 2007.
- (b) Subject to Environment Court case management scheduling, resolve any appeals on Plan Changes 2 by 1 July 2007.
- (c) Subject to Environment Court case management scheduling, resolve any appeals on Plan Changes 3 by 1 July 2007.
- (d) Subject to Environment Court case management scheduling, resolve any appeals on Plan Change 4 by 1 July 2008.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Now completed. Five of the seven appeals were resolved prior to 1 July 2007. The last appeal was resolved by Environment Court consent order in May 2008.

*Not achieved:* Now completed. Staff changes meant that limited council resources were initially focused on the more significant Plan Change 1 and Plan Change 4. Appeal resolved by Environment Court consent order in May 2008.

*Not achieved:* Staff changes meant that limited council resources were initially focused on the more significant Plan Change 1 and Plan Change 4. Formal agreement was forwarded to Environment Court in May 2008.

*Not achieved:* Hearings process and deliberations took longer than anticipated. Council decisions released April 2008. Twelve appeals made to the Environment Court. Persons wishing to be party to the appeals have until the end of July to join.

### 1.1.6 Complete proposed changes to the Regional Water and Soil Plan for Northland providing for:

- (a) Improvement to management of water take, use, damming and diversion (Plan Change 1).
- (b) Improvement to management of discharges, land disturbance, coastal margins and other provisions (Plan Change 2).

#### Performance Measures and Targets

- (a) Subject to Environment Court case management scheduling, resolve any appeals on Plan Change 1 by 1 December 2007.
- (b) Subject to Environment Court case management scheduling, resolve any appeals on Plan Change 2 by 1 December 2008.

#### Actual Service Performance to 30 June 2008

*Achieved:* Plan Change 1 became fully operative on 30 August 2007.

*In progress:* Plan Change 2 has been split up, with the Farm Dairy Effluent section being publicly notified on 12 July 2008. The balance of Plan Change 2 (to be renamed Plan Change 3) will be publicly notified later in 2008.



## Levels of Service

# Planning and Policy

### Activity 1.1: Resource Management Planning continued

#### 1.1.7 Complete proposed changes to the Regional Air Quality Plan for Northland providing for:

- (a) The Marsden Point Air Quality Management Strategy (Plan Change 1).
- (b) Improvements to air quality management (Plan Change 2).

##### Performance Measures and Targets

- (a) Subject to Environment Court case management scheduling, resolve any appeals on Plan Change 1 by 1 December 2007.
- (b) Subject to Environment Court case management scheduling, resolve any appeals on Plan Change 2 by 1 July 2009.

##### Actual Service Performance to 30 June 2008

*Not achieved:* Plan Change 1 hearings delayed due to Council direction that these be held in conjunction with those for Plan Change 2. These both occurred in December 2007. One appeal received which is currently being negotiated.

*Not achieved:* Plan Change 2 has been replaced with a plan change on Backyard Burning. Hearings were held on Plan Change 2 Backyard Burning in December 2007. One appeal received which is currently being negotiated and on track to be resolved by July 2009.

#### 1.1.8 Undertake other plan changes as and when required by Council resolution.

##### Performance Measures and Targets

- Plan changes completed as required and reported on annually.
- No legal challenges to plan changes due to non-compliance with statutory preparation processes.

##### Actual Service Performance to 30 June 2008

*Achieved:* Variation to Regional Coastal Plan Change 1 notified October 2007 and Council decisions released April 2008. No appeals.

*Achieved.*

#### 1.1.9 Prioritise and develop harbour management plans for specific areas and/or communities where these will improve resource management effectiveness.

##### Performance Measures and Targets

- Create a prioritised schedule to develop harbour management plans by 1 July 2007.
- Report on progress against priority schedule annually..

##### Actual Service Performance to 30 June 2008

*Not achieved:* Staff priority placed on completing plan changes and mooring management plans. This level of service to be either amended or deleted through pending LTCCP review process.

*Not applicable to 2007-2008:* This will be reported on once developed as outlined above.

## Levels of Service

# Planning and Policy

## Activity 1.1: Resource Management Planning continued

### 1.1.10 Implement an air quality management strategy for Marsden Point.

#### Performance Measures and Targets

- Develop an action plan to implement the Marsden Point air quality management strategy by 1 July 2006 and report progress annually.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Key actions included in Plan Change 1 (Marsden Point Air Quality Strategy). Further action plan development deferred until completion of Plan Change process.

### 1.1.11 Assist with funding to improve Maori involvement in resource management decision-making including funding of iwi/hapu resource management plans.

#### Performance Measures and Targets

- Report annually on activities funded.

#### Actual Service Performance to 30 June 2008

*Not applicable:* No funding applications received to date.

### 1.1.12 Provide a contingency fund for expert assessment of applications for outdoor trials or use of genetically modified organisms in Northland as notified by ERMA.

#### Performance Measures and Targets

- Set aside a fund of \$10,000 annually for expert assessment of notified applications made under HASNO legislation.
- Report any use of funds annually.

#### Actual Service Performance to 30 June 2008

*Achieved.*

*Not applicable:* Fund not required to date.

### Significant negative effects of Resource Management Planning Activities

At this stage there are no known significant negative effects surrounding the Council's planned Resource Management Planning Activities.

## Levels of Service

# Planning and Policy

## Public Communication and Education Overview

Fifteen school projects received \$15,000 funding from the Northland Regional Council Environmental Curriculum Awards for projects that included vegetable gardens, propagating areas, native worm breeding and recycling systems.

The annual awards aim to foster excellence in environmental education, with schools eligible for up to \$2000 each (plus GST) for their efforts to educate children about caring for the region's environment.

During the 2007-2008 financial year, the Council's public education and communications initiatives also included seven shows and field days; five public seminars and workshops; 76 school visits; a Youth Summit; and a wide range of publications including press releases and newsletters, pamphlets and educational worksheets.

The Ballance Farm Environment Awards, which were established nationwide in 2002, were promoted

throughout Northland. A Supreme award winner and Northland Regional Council Water Quality Enhancement Award were made in May 2008. The key objectives of the awards are to encourage sustainable land management and to show that farm profitability need not compromise and, in the best examples, can restore and enhance environmental values. The awards are held in eight regions across New Zealand.

The Council sponsored the Sustainable Development Business Award as part of the Northland Business Excellence Awards. It is awarded to the Northland business which best epitomises overall commitment to sustainable development. Businesses are judged not just on their economic value, but also on the environmental, cultural and social value they add.

## Activity 1.2: Public Communication and Education

**Contribution to Community Outcomes:** Public Communication and Education contributes mainly to the "Northland's natural environment is sustainably managed" and "Northland residents are educated and skilled" community outcomes.

**Objectives:** The objectives of the Public Communication and Education activity are to:

- (a) Increase public awareness of, responsibility for, and involvement in sustainable environmental management in Northland.
- (b) Recognise and support environmental management activities in Northland.

### 2007-2009 Intended Service Levels, Measures and Targets

*The following will be carried out during 2006-2009 in accordance with the Council's Environmental Education Strategy and associated annual programme of events.*

#### 1.2.1 Provide educational material and opportunities to the general public and sector groups on the importance of wise environmental management.

##### Performance Measures and Targets

- Exhibits on Council activities are held at five shows and field days each year.
- Four seminars and workshops on regional environmental matters are held each year.
- Ensure that at least 50% of the Northland population is aware of and valuing Northland Regional Council's role and services.

##### Actual Service Performance to 30 June 2008

*Achieved:* Northland Home Show (August 2007), Marsden Cove Boat Fair (November 2007), Waimate North A&P Show (November 2007), Quarry Gardens Open Day (November 2007), Northland Agricultural Field Days (March 2008) – "winner of best themed site", Whangarei Garden Discovery (March 2008), Lifestyle Block Field Day (April 08) and Countdown to Meltdown Festival (June 2008).

*Achieved:* Enviroschools Hui (July 2007), Mangawhai Harbour Roadshow (November 2007), Coastcare Seed Collection Workshops – Taipa & Bream Bay (December 2007) and Biosecurity Sea Squirt Workshop (December 2007).

*Achieved:* From December 2007 Community Awareness Survey, a sample of the population resulted in unprompted awareness of Northland Regional Council of 56%. When asked what the Northland Regional Council does, 71% could name one of our responsibilities.

## Levels of Service

# Planning and Policy

## Activity 1.2: Public Communication and Education continued

### 1.2.2 Provide information to schools about the importance of environmental issues and the role of the Regional Council.

#### Performance Measures and Targets

- Education information on topical issues is distributed to all Northland schools each year.
- A minimum of 40 school visits are conducted each year.
- Two seminars each year are organised for school teachers on Regional Council activities. These seminars include the provision of associated educational resources to the teachers who attend.
- Organise one Youth Summit each year.
- Achieve at least an 80% satisfaction level by the users of Northland Regional Council's environmental education programmes.

#### Actual Service Performance to 30 June 2008

*Achieved:* Ongoing distribution of educational information and resource packs.

*Achieved:* 76 visits completed.

Not achieved: Seminars cancelled due to adverse weather conditions. These will be rescheduled throughout the 2008-2009 year.

*Achieved:* Youth Summit held in October 2007.

*Achieved:* 93% satisfaction level achieved as assessed through teacher evaluation forms.

### 1.2.3 Keep the Northland public informed of Council issues and activities.

#### Performance Measures and Targets

- Produce and circulate at least 80 media releases annually.
- Produce and distribute a quarterly newsletter to all Northland residents.
- Create and distribute a minimum of six publications on environmental issues each year.
- Continue to promote the Council's website through all printed publications, radio and print advertising, Council stationery, consultation campaigns and other marketing initiatives.

#### Actual Service Performance to 30 June 2008

*Achieved:* 105 media releases produced and circulated.

*Partially achieved:* One newsletter produced and distributed November 2007. New staff resources will ensure newsletters are distributed quarterly during 2008-2009.

*Achieved:* New or updated publications produced on: Reducing smoke from your domestic fire, composting and worm farming, green cleaning, anticoagulant poisons, silage wrap collection, CityLink Whangarei bus timetable, Northland Regional Council "What we do" booklet, environmental funding and Navigation Safety Bylaw.

*Achieved:* Website Marketing Plan developed and instigated, including publications, promotional materials, radio and print advertising. Winner of 2008 ALGIM Web Awards – ranked number one for best Council website.



## Levels of Service

# Planning and Policy

## Activity 1.2: Public Communication and Education continued

### 1.2.4 Provide support, scholarships or awards in the education sector, as follows:

- (a) University Masterate students – one Sustainable Management Scholarship.
- (b) Northland Polytechnic students – two Environmental Management Scholarships.
- (c) Schools Environmental Curriculum Awards.
- (d) Assistance for industry based training/skill development such as cadetships and apprenticeship training.

#### Performance Measures and Targets

- (a) Scholarships advertised, judged and awarded by 31 March each year.
- (b) Scholarships advertised, judged and awarded by 31 March each year.
- (c) Curriculum awards judged and presented by 30 June each year.
- (d) Report on assistance provided by 30 June each year.

#### Actual Service Performance to 30 June 2008

*Not applicable:* Sustainable Management Scholarship ceased through lack of suitable applications.

*Not applicable:* Environmental Management Scholarships ceased through lack of suitable applications.

*Achieved:* 15 schools received Environmental Curriculum Awards in August 2007. 15 schools successful for 2008 Environmental Curriculum Awards – to be presented in July 2008.

*Achieved:* Northland Regional Council provided two annual placements for the Council cadetship scheme.

### 1.2.5 Recognise, in conjunction with representative groups, good environmental management practices in business, through the presentation of Environmental Management in Business and Farm Awards.

#### Performance Measures and Targets

- Business and farm awards to be judged and presented by 30 June each year.

#### Actual Service Performance to 30 June 2008

*Achieved:* Presented Northland Regional Council Sustainable Development Award at the Northland Business Excellence Awards in September 2007. Northland Regional Council awards for the Top of the North Dairy Industry Awards were presented in March 2008 and the Northland Ballance Farm Environment Awards in April 2008.

### Significant negative effects of Public Communication and Education Activities

A significant negative effect on community well-being could occur if the number and/or quality of Council Public Communication and Education Activities caused people to lose interest in environmental matters or the Council itself.

## Levels of Service

# Planning and Policy

## Transport Overview

The Whangarei Bus Service celebrated its millionth passenger this year with the number of passengers using the service increasing from fewer than 80,000, in its first year of operation, to almost 200,000 in 2007-2008.

The passenger transport company NZ Bus was awarded a \$7.5 million contract in April this year to run the service for the next five years. Owned by New Zealand-based investment company Infratil, the new CityLink Whangarei fleet features low-floor, low emission buses on an extended timetable.

The service is funded by the Whangarei District Council, Land Transport NZ and Northland Regional Council, which administers the contract.

Improvements to forestry access roads also received a boost with the Northland Regional Council and the New Zealand Forestry Owners Association securing another three years of funding for the work.

The \$30 million in extra money from the Ministry of Transport must be shared between the Northland and

Gisborne (Tairāwhiti) regions, which both have extensive forestry areas.

The Regional Development Fund, established in 2002 as part of the Government's regional economic transformation agenda, is targeted toward increasing investment in wood processing by removing roading constraints on forest harvesting activity in Northland and Tairāwhiti regions.

In Northland, 100% of the road funding has been used by the Far North, Kaipara and Whangarei District Councils mainly on upgrading Mangakahia Road, Otaika Valley Road, West Coast Road north of Hokianga and Pouto Road. About 236 kilometres of roads have been upgraded so far. There is estimated to be about \$26 million of work remaining.

Between 2004 and 2007, log intake in Northland increased from 1.2 million tonnes to 1.7 million tonnes and the proportion of processed timber within the region increased from about half to 80%.

## Activity 1.3: Regional Transport Management

**Contribution to Community Outcomes:** Regional Transport Management activities contribute mainly to the "Northland's infrastructure is developed in a sustainable way", and "Northland is prosperous" community outcomes.

**Objective:** The objective of the Regional Transport Management activity is to facilitate a strategic approach to regional land transport and enhanced road safety.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 1.3.1 Complete the review of the Regional Land Transport Strategy (RLTS) for Northland in 2006.

##### Performance Measures and Targets

- RLTS review processes completed by 30 November 2006.

##### Actual Service Performance to 30 June 2008

*Achieved:* RLTS Review completed by in November 2006.

#### 1.3.2 Undertake next triennial review of the RLTS for Northland in 2009.

##### Performance Measures and Targets

- RLTS review processes completed by 30 November 2009.

##### Actual Service Performance to 30 June 2008

*In progress:* Review process has commenced with Requests for Tender being called. A consultant to assist with the review, as well as a process auditor.

## Levels of Service

# Planning and Policy

## Activity 1.3: Regional Transport Management continued

### 1.3.3 Complete relevant actions set out in the RLTS for Northland.

#### Performance Measures and Targets

- Annual reports on the implementation of the RLTS completed within three months of the end of each financial year.

#### Actual Service Performance to 30 June 2008

*Achieved:* Annual report for 2006-2007 approved in August 2007.

### 1.3.4 Complete, in association with the Regional Council's road safety partners, the road safety projects listed for Northland in the annual New Zealand Safety Administration Programme.

#### Performance Measures and Targets

- Complete contract with Land Transport NZ, which includes details of projects, by 30 November each year.
- Report monthly on progress with road safety projects.

#### Actual Service Performance to 30 June 2008

*Not Applicable:* Delivery of regional road safety projects is now through territorial authorities and not through Northland Regional Council.

*Achieved:* Reports now being delivered to the Regional Road Safety Forum, being a subcommittee of the RLTC.

### 1.3.5 In conjunction with the New Zealand Police, Land Transport NZ and the Regional Council's other road safety partners, prepare (and thereafter review annually), a road safety strategy for Northland, to be implemented via an annually-prepared road safety action plan.

#### Performance Measures and Targets

- Complete regional road safety strategy and first action plan by 30 November 2006.
- Complete annual road safety action plan by 1 December each year.

#### Actual Service Performance to 30 June 2008

*Not achieved:* Project delayed through national and regional restructuring of road safety co-ordination and delivery. Awaiting appointment of consultant to commence project in 2008-2009.

*Achieved:* 2008-2009 application for regional road safety initiatives included in 2008-2009 Regional Land Transport Programme.

### 1.3.6 Undertake an annual review of the Regional Transport Plan, which sets out regional development (forestry) roading priorities for Northland.

#### Performance Measures and Targets

- Subject to funding confirmation, complete annual review by 30 September each year.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Review completed in December 2007. Regional Development Funding extended for an additional three-year period to allow for the completion of identified projects.

## Significant negative effects of Regional Transport Management Activities

At this stage there are no known significant negative effects surrounding Council's planned Regional Transport Management Activities.

## Levels of Service

# Planning and Policy

## Activity 1.4: Passenger Services Administration

**Contribution to Community Outcomes:** Passenger Services Administration activities contribute mainly to the “Northland’s infrastructure is developed in a sustainable way”, and “Northland has cohesive communities” community outcomes.

**Objective:** The objective of the Passenger Services Administration activity is to provide cost effective passenger transport services that meet the needs of local communities and of groups who are transport disadvantaged.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 1.4.1 Administer the long-term contract for the subsidised bus service for the Whangarei urban area.

##### Performance Measures and Targets

- Monitor and report monthly bus service patronage and revenue against agreed budget limits.

##### Actual Service Performance to 30 June 2008

*Achieved:* Reports presented to each monthly Council meeting.

#### 1.4.2 Subject to the confirmation of funding, re-tender the contract for the subsidised Whangarei urban bus service in 2006 including improvements to the existing service.

##### Performance Measures and Targets

- Re-tendering of contract completed by November 2006.

##### Actual Service Performance to 30 June 2008

*Partially achieved by due date:* Now fully completed. Tendering delayed to await completion of changes in applicable legislation. New service commenced on 1 July 2008.

#### 1.4.3 Administer the Whangarei Total Mobility Scheme.

##### Performance Measures and Targets

- Monitor and report monthly Whangarei Total Mobility Scheme patronage against agreed budget limits.

##### Actual Service Performance to 30 June 2008

*Achieved:* Reports presented to each monthly Council meeting.



## Levels of Service

# Planning and Policy

### Activity 1.4: Passenger Services Administration continued

**1.4.4 Investigate the possibility of extending the Scheme to urban areas outside Whangarei where taxi services may operate.**

#### Performance Measures and Targets

- Complete investigation by 30 June 2007.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Initial discussions undertaken with Far North and Kaipara District Councils. Further detailed work to be undertaken through Regional Passenger Transport Plan review in 2008-2009.

**1.4.5 Maintain a register of commercial passenger transport services operating in Northland.**

#### Performance Measures and Targets

- Register up to date and available for public viewing.
- New service registrations, variations or abandonments reported monthly.

#### Actual Service Performance to 30 June 2008

*Achieved:* Available at Whangarei offices.

*Achieved:* New registrations, variations and abandonments reported to each monthly Council meeting.

### Significant negative effects of Passenger Services Administration Activities

At this stage there are no known significant negative effects surrounding Council's planned Passenger Services Administration Activities.



## Statement of Cost of Activities

### Consents

For the Year Ended 30 June 2008

Actual 30-Jun-07 Cost of Services \$		Note	Actual 30-Jun-08 Cost of Services \$	Annual Plan 30-Jun-08 Cost of Services \$	Variance \$
	<b>GROSS COST OF ACTIVITIES</b>				
1,052,230	Consents applications	1	1,016,689	1,166,544	149,855
761,960	Consents advice and information	1	736,223	830,941	94,718
<u>1,814,190</u>	<b>TOTAL GROSS COSTS</b>		<u>1,752,913</u>	<u>1,997,485</u>	<u>244,572</u>
	<b>LESS REVENUE</b>				
709,357	User fees and sundry		700,842	682,000	(18,842)
371,103	Targeted Fixed Environmental Rate		344,192	341,945	(2,247)
<u>1,080,460</u>	<b>TOTAL REVENUE</b>		<u>1,045,034</u>	<u>1,023,945</u>	<u>(21,089)</u>
<u>733,730</u>	<b>NET COST OF SERVICES</b>		<u>707,879</u>	<u>973,540</u>	<u>223,483</u>
—	<b>CAPITAL EXPENDITURE</b>		—	—	—

Variance compared to Annual Plan:

#### Expenditure

1. The gross cost of consent applications and consents advice and information is less than budget as a result of large consents not coming on stream as forecast.

## Levels of Service

### Consents

#### Resource Consents Overview

The Council processed 980 new applications resulting from ongoing development across the region, both industrial and private. The most significant coastal project during the year was the processing of applications for the proposed tidal turbine electric generation project at the Kaipara Harbour entrance.

Coastal consents in the past year were characterised by the number of proposals for alteration or addition to small coastal structures, and a range of works to protect structures and the coastline against the effects of erosion, and wear and tear. Discussions are also ongoing for the review of consent conditions for marine farms.

The 2007-2008 financial year was the first of a four-year review of all dairy farm consents which will see every dairy farm assessed for the best practice options for dairy effluent disposal with around 300-400 farms being inspected annually.

The timber industry generated a large number of on-going consents for both forestry harvesting (radiata pine) and timber processing, including for sawmill expansions such as the Carter Holt sawmill. Applications for kiln drying consents have been made for a number of sites around the region, along with a major development

application for a proposed sawmill and treatment plant at Mata. Significant pre-application effort went into discussions about other proposed timber processing facilities.

A number of the Marsden Point Oil Refinery consents were reviewed, as were those for the abattoirs in Dargaville and Moerewa. Consents for development proposals in the Ruakaka - Marsden Point area for a wide range of land, water, and coastal and waste disposal activities were a significant challenge, including development earthworks which included works on peat and sandy soils.

Consents were also processed for significant work associated with sewage treatment and disposal, both in this area and also at Mangawhai. Discussions have also taken place with district councils over consents for upgrades on a number of sewage schemes, including Kerikeri/Paihia and renewals at other smaller communities around the region.

Arrangements have now been finalised to ensure efficient and cost effective processing of building consents for new Northland dams. This work will be carried out on Council's behalf by Environment Waikato.

#### Activity 2.1: Consent Applications

**Contribution to Community Outcomes:** The consent applications activity contributes mainly to the "Northland's natural environment is sustainably managed" community outcome.

**Objective:** The objective of the Consent Applications activity is to promote individual and community well-being by enabling participation in the processing of consent applications in a way that results in sustainable resource management.

#### 2007-2009 Intended Service Levels, Measures and Targets

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

##### Performance Measures and Targets

- Processing, hearing and issuing of decisions on consent applications are in accordance with the requirements of the RMA.
- At least 98% of applications are processed within statutory time lines as indicated by the Council's consents database.
- Reduce the number of successful appeals lodged in the Environment Court to no more than five each year.
- Achieve at least 80% customer satisfaction rate with Council staff's level of helpfulness in guiding customers through the consent application process.

##### Actual Service Performance to 30 June 2008

*Achieved:* All Council-led hearings were processed and decisions issued in accordance with RMA requirements, (although one District Council-led joint hearing decision was delayed).

*Achieved:* 98.05% of application decisions to date were processed within the statutory time frame.

*Achieved:* No successful appeal against the Council's original decision on any proposal for year to date.

*Achieved:* 93% of respondents indicated Council staff were either good or very good.



## Levels of Service

### Consents

#### Activity 2.1: Consent Applications continued

**2.1.2 Resource consents are issued with meaningful, understandable, legally valid and enforceable conditions.**

##### Performance Measures and Targets

- Rate in the top 30% of the Regional Council's two-yearly Best Practice Quality Survey.

##### Actual Service Performance to 30 June 2008

*Achieved:* Ranked 5th in 2007 survey – provisional result awaiting outcome of appeals (compared with 8th and 9th places in previous biennial 2004 and 2002 surveys).

#### Significant negative effects of Consent Applications Activities

While the granting or refusing of consent applications may be perceived by some as having potentially negative economic effects on affected persons and the applicant, it is considered that the well-being of the regional community, as a whole, is protected, rather than negatively affected by the Consent Applications Activities.

#### Activity 2.2: Consents Advice and Information

**Contribution to Community Outcomes:** The Consents Advice and Information activity contributes mainly to the "Northland's natural environment is sustainably managed" community outcome.

**Objective:** The objective of the Consents Advice and Information activity is to ensure that the public is better informed and enabled to participate in the processing of resource consent applications.

#### 2007-2009 Intended Service Levels, Measures and Targets

**2.2.1 Provide advice about consent applications in an accurate and timely way.**

##### Performance Measures and Targets

- No more than five justifiable complaints received each year.

##### Actual Service Performance to 30 June 2008

*Achieved:* No justifiable complaints about advice on consent applications received.

#### Significant negative effects of Consents Advice and Information Activities

At this stage there are no known significant negative effects surrounding the Council's planned Consents Advice and Information Activities.



## Statement of Cost of Activities

### Environmental Monitoring

For the Year Ended 30 June 2008

Actual 30-Jun-07 Cost of Services \$		Note	Actual 30-Jun-08 Cost of Services \$	Annual Plan 30-Jun-08 Cost of Services \$	Variance \$
<b>GROSS COST OF ACTIVITIES</b>					
1,596,304	State of the environment monitoring	1	1,810,625	1,648,995	(161,630)
1,424,890	Compliance monitoring and enforcement	1	1,201,327	1,293,670	92,343
694,369	Environmental incidents		651,890	678,971	27,081
436,586	Hazardous waste management		405,624	406,623	999
260,822	Oil pollution response		260,750	256,068	(4,682)
1,131,179	Harbour safety and navigation		1,132,868	1,293,624	160,756
<u>5,544,150</u>	<b>TOTAL GROSS COSTS</b>		<u>5,463,084</u>	<u>5,577,951</u>	<u>114,867</u>
<b>LESS REVENUE</b>					
1,713,776	User fees and sundry	2	1,766,506	1,610,400	(156,106)
220,007	Grants and subsidies		42,680	114,386	71,706
458,631	Targeted Fixed Environmental Rate		795,005	789,814	(5,191)
<u>2,392,414</u>	<b>TOTAL REVENUE</b>		<u>2,604,191</u>	<u>2,514,600</u>	<u>(89,591)</u>
<u>3,151,736</u>	<b>NET COST OF SERVICES</b>		<u>2,858,893</u>	<u>3,063,351</u>	<u>25,275</u>
319,949	<b>CAPITAL EXPENDITURE</b>		426,330	479,300	52,970

Variance compared to Annual Plan:

**Expenditure**

1. State of the environment monitoring and compliance monitoring and enforcement have variances against the Annual Plan as a result of a correction in the allocation of overhead costs. Expenditure is slightly ahead of budget, largely due to lower than expected compliance which resulted in increase legal and other related costs.

**Revenue**

2. User fees and sundry revenue has increased against revenue forecasted in the Annual Plan as a result of additional fees and charges for pilotage, navigation bylaw fees, oil spill clean up recoveries and enforcement activities.

## Levels of Service

# Environmental Monitoring

## Environmental Monitoring and Maritime Management Overview

### State of the Environment Monitoring

Increasing community expectations and demands for higher environmental standards have seen Council continue to increase and apply considerable resources to core environmental and compliance monitoring functions.

The State of the Environment monitoring network includes region-wide rainfall, river flow, lake, groundwater and tide level measurements. The data collected from the Council's radio-linked rainfall and river level sites throughout Northland provided vital information during the major storm event in July 2007.

Sixty-nine automatic stations provide water level and rainfall data which is processed and stored on the Council's archive at regular intervals. Monthly monitoring of 55 groundwater bores and 52 manual rainfall stations is undertaken and 12 major lakes are also monitored monthly.

The Northland Regional Council contracted NIWA to undertake an initial study on the risk of tsunami inundation facing communities in the Northland region. Scenarios were run up to the coastline to provide maximum water heights and speeds at the coast for specific districts. Additional inundation modelling was done for the specific communities of Taipa and Ahipara. This information will be used to contribute to the development and implementation of coastal hazard management strategies.

The Hokianga Harbour Foreshore Restoration Society, together with the Council, undertook further investigations into coastal erosion management options at Omapere and drafted a dune restoration strategy for the Omapere-Opononi foreshore. Revegetation projects sponsored by the Environment Fund continued along the foreshore.

Twenty community-based CoastCare groups have been established and are actively involved in the restoration and enhancement of native vegetation and geomorphology of coastal dunes at a number of Northland sites. Projects have been supported through the Northland Regional Council's Environment Fund, with regular events provided for upskilling and networking of groups. Co-operation has taken place with district councils on a number of CoastCare projects.

A collection service for waste hazardous substances was provided to Northland ratepayers throughout 2007. In excess of four tonnes of waste chemicals were collected. A new, larger store has been set up at Waipapa. Owing to the increasing use of the Waipapa site, the old store has been retained on site to cope with the influx of agrichemicals, and a Kaikohe site will be set up at a later date.

### State of the Environment Report

Council released a 500 page-plus State of the Environment (SOE) Report in April 2008. The report examines the air, freshwater, coastal, land and biodiversity issues throughout the region and represents several years work by Council staff.

The purpose of the report is to enable both the Council and wider Northland community to make informed decisions on environmental management issues. It focuses on regional environmental trends over the period from 2002 to 2007, but also covers an even longer period, where data is available.

The report shows welcome improvements in some aspects of the health of our waterways; for example, the levels of potentially harmful nutrients in some of our major rivers and streams have reduced significantly. This is largely due to improvements in discharges from industrial and farming sources and community wastewater treatment plants.

The region's air quality remained good, overall, and the sea water quality in open coastal areas is high.

Northland has also seen pleasing amounts of habitat and biodiversity protection and much-needed research has been carried out into areas like groundwater resources, coastal hazards and biodiversity.

The report also highlighted a number of areas where the region needs to do better. These include the water quality of its lakes and its rivers in farming and urban areas, at-risk development in areas affected by coastal or flooding hazards, high or potential over-allocation of some water resources and sustainable land management (particularly soil conservation).



## Levels of Service

# Environmental Monitoring

## Activity 3.1: State of the Environment Monitoring

**Contribution to Community Outcomes:** The State of the Environment monitoring activity contributes mainly to the “Northland’s natural environment is sustainably managed” community outcome.

**Objective:** The objective of the State of the Environment Monitoring activity is to promote sustainable resource management by identifying significant environmental issues and trends in the region and providing for informed decision-making.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 3.1.1 Continue to implement and improve a prioritised State of the Environment monitoring programme based on the Regional Policy Statement and Regional Plans.

##### Performance Measures and Targets

The detail of the state of the environment monitoring programmes can be found on the Council’s website - [www.nrc.govt.nz](http://www.nrc.govt.nz) - and will include:

- Monitoring ambient air quality in line with the priorities of the National Environmental Standard for Air and the Regional Air Quality Plan.
- Operating a region-wide hydrometric network for the measurement, recording and reporting of rainfall, river flows, lake, groundwater and tide levels.
- Carrying out investigations into the water resources of ‘at risk’ aquifers (as per the Regional Water and Soil Plan for Northland).
- Operating a region-wide water quality network for the measurement, recording and reporting of river, lake and groundwater quality trends.
- Water quality, weed and algae monitoring of Lake Omapere and associated community liaison and advice, including the ongoing development and co-ordination of a lake catchment management plan.
- Carrying out sampling and reporting on summer coastal and freshwater-bathing water quality.

##### Actual Service Performance to 30 June 2008

Details of the monitoring networks, monitoring carried out over this period and the findings are reported on the Council’s website: [www.nrc.govt.nz](http://www.nrc.govt.nz)

*Achieved:* New ambient air quality monitoring station commissioned in Taurikura Bay.

*Achieved and ongoing:* 69 automatic stations provide water level and rainfall data which is processed and stored on the council’s archive at regular intervals. Two automatic stations remain untelemeasured. Monthly monitoring of 55 groundwater bores and 52 manual rainfall stations. 12 major lakes are monitored monthly.

*Partially achieved:* Specific investigation carried out for the Kaikohe aquifer, and recharge estimates summary reports prepared for Oakura, Whananaki, Pataua North and South, Whangamumu, Ngunguru, Te Ngairi, Bland Bay and Kerikeri. Most of this work is carried out by consultants under contract. Further work planned for the next financial year within budgetary constraints.

*Achieved:* Monthly monitoring undertaken up until end of reporting period. River sites increased to 33 and lake sites remain at 31.

*Achieved:* Lake Management Plan completed in October 2006. Water quality monitoring has been carried out bimonthly over the last six months at two sites on the lake and one site at the outlet. Water quality testing includes nutrient and algae analysis. Mussel surveys were carried out in October at 17 sites on the lake.

*Achieved:* Weekly sampling of 44 coastal and 19 freshwater-bathing sites commenced on 26 November 2007 and will finish on 11 February 2008.

## Levels of Service

# Environmental Monitoring

## Activity 3.1: State of the Environment Monitoring continued

**3.1.1 Continue to implement and improve a prioritised State of the Environment monitoring programme based on the Regional Policy Statement and Regional Plans.**

### Performance Measures and Targets

- Supporting and contributing to the development and implementation of coastal hazard management strategies, by the collection and provision of coastal hazard and processes information and advice to the communities of affected areas.
- Promoting and support of community-based 'Coast Care' projects such as the Hokianga Harbour Foreshore Restoration Society's Coastal Hazard Management Strategy.
- Reporting to the Council annually on environmental monitoring activities within three months of the end of the financial year. SOE monitoring programmes and findings are reported annually on the Council's website [www.nrc.govt.nz](http://www.nrc.govt.nz)

### Actual Service Performance to 30 June 2008

*Achieved:* 27 beach profile surveys completed at 14 sites. Tsunami inundation modelling project continued, existing information placed on Northland Regional Council website and model report 2 (inundation) nearing completion.

*Achieved:* 20 community-based Coast Care groups are established and are actively involved in the restoration and enhancement of native vegetation and geomorphology of coastal dunes at a number of Northland sites. Projects have been supported through the Northland Regional Council's Environment Fund, with regular events provided for upskilling and networking of groups. Co-operation has taken place with District Councils on a number of Coast Care projects to achieve aims.

*Achieved:* A Coast Care Information Kit was produced and distributed to Coast Care groups and additional education materials are now available to promote activities that help restore and enhance the coastal environment. Biannual Coast Care newsletters were printed and distributed.

*Achieved:* The Hokianga Harbour Foreshore Restoration Society, together with the Council, have undertaken further investigations into coastal erosion management options at Omapere and have drafted a dune restoration strategy for the Omapere-Opononi foreshore. Revegetation projects sponsored by the Environment Fund have continued along the foreshore.

*Achieved:* The coordination of an inter-agency 'Vehicles On Beaches' education campaign for implementation at priority locations during summer 2008. The Northland Regional Council 'Vehicles On Beaches' brochure was revised, reprinted and distributed.

*Partially Achieved:* This year is the year for a full SOE report for the region. Completion of this is close and it is intended to report to Council at the first Environment Committee meeting in March 2008. The SOE report will be made available on the web after this.

### Significant negative effects of State of the Environment Monitoring Activities

At this stage there are no known negative effects surrounding the Council's planned State of the Environment Monitoring Activities.

## Levels of Service

# Environmental Monitoring

## Resource Consent Compliance Monitoring Overview

All resource consents have a monitoring programme documented on the Council's consent monitoring database. Monitoring events are carried out, documented and reported based on these programmes. The monitoring is undertaken in line with the Council's ISO-accredited management systems, which are internally and externally audited.

There were 3,640 active monitoring records on Council's database at the end of the 2007-2008 financial year, and of these, 3,295 have a monitoring programme on the database.

### Activity 3.2: Resource Consent Compliance

**Contribution to Community Outcomes:** Resource Consent Compliance activities contribute mainly to the "Northland's natural environment is sustainably managed" community outcome.

**Objective:** The objective of the Resource Consent Compliance activities is to promote the sustainable management of resources and minimise the adverse effects of people's use of the environment by ensuring compliance with resource consents, Regional Plans and statutory environment standards.

#### 2007-2009 Intended Service Levels, Measures and Targets

##### 3.2.1 Monitor compliance with, and the effects of, the exercise of resource consents.

#### Performance Measures and Targets

All resource consents will have a monitoring programme documented on the Council's consent monitoring database and monitoring events will be carried out, documented and reported as per the programmes. The monitoring will be undertaken in line with the Council's ISO-accredited management systems, which are internally and externally audited. The monitoring will include:

- Emission testing and/or appropriate off-site monitoring of major industrial discharges to the air.
- Effluent and receiving water quality testing of sewage, industrial and landfill discharges.
- Collecting water use records and measuring stream flows, groundwater and lake levels associated with significant water abstractions.
- Inspecting land clearance, earthworks and river works that are the subject of resource consents.
- Inspecting significant coastal structures and works, marine farms and carrying out surveys of the coast where there is sand mining activity.

#### Actual Service Performance to 30 June 2008

There are 3640 active monitoring records on Council's database. Of these, 3295 have a monitoring programme on the monitoring database. Of the 3295 records with monitoring programmes, not all were monitored in accordance with the monitoring programme. At the time of reporting it is estimated that, in the order, 300 did not meet the performance standard.

*Achieved.*

*Partially achieved:* 488 compliance assessments made up until the end of the reporting period.

*Partially achieved and ongoing:* 60% of consent holders with major water abstractions had submitted water use records for the 2007-2008 season. Follow up action is being implemented for those consent holders requiring records still to be submitted. Low flow compliance monitoring was delayed at various periods during the 2007-2008 summer. This was a result of significant rain events from December 2007 through to March 2008.

*Partially achieved:* 296 compliance assessments made during the year. There were insufficient resources available to inspect all consented activities.

*Partially achieved:* 631 compliance assessments on coastal consents made up until the end of the reporting period.

## Levels of Service

# Environmental Monitoring

## Activity 3.2: Resource Consent Compliance continued

### 3.2.1 Monitor compliance with, and the effects of, the exercise of resource consents.

#### Performance Measures and Targets

- Inspecting all boat moorings over a three-year cycle to ensure they are properly authorised in accordance with the requirements of the Regional Coastal Plan and the Navigation Safety Bylaw 2001, and that their positions are accurately recorded.
- Taking appropriate enforcement action in cases of significant non-compliance with statutory requirements.
- Recording the results of monitoring undertaken and reporting it and any follow-up action to the following month's Council meeting and to consent holders.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* The three-year inspection programme was completed for the whole coast during November 2007.

*Achieved:* 92 abatement notices and 40 infringement notices issued and one prosecution was commenced by the end of the reporting period.

*Partially achieved:* 98.6% of monitoring assessments made during the reporting period were reported to the Council's meetings.

### 3.2.2 To monitor and enforce compliance with farm dairy effluent discharge standards

#### Performance Measures and Targets

- Inspecting all farm dairy effluent treatment and discharge systems, annually, record inspection details and report these to the farmers responsible.
- Testing effluent and receiving water quality, annually, for systems with resource consents to discharge to water bodies if they are discharging to water at the time of inspection.
- Follow up on all non-complying systems, requiring maintenance or upgrades when needed within the season of non-compliance.
- A summary of the findings and follow-up action taken, including enforcement, is reported to the Council monthly.

#### Actual Service Performance to 30 June 2008

*Achieved:* 941 compliance visits and assessments made as of the end of the reporting period. All dairy farms where subject to their annual inspection.

*Achieved:* 683 compliance visits and assessments made as of the end of the reporting period.

*Achieved:* All significantly non compliant farms where followed up with 240 follow-up visits have been made as of the end of the reporting period.

*Achieved:* Monthly reporting of compliance results to Council this included a summary of the findings presented to Council's December meeting once all routine inspections had been completed for the year.

### Significant negative effects of Resource Consent Compliance Activities

While carrying out resource consent compliance, monitoring and enforcement may be perceived to have a possible negative economic effect on consent holders and those who infringe. However, it is considered that the well-being of the regional community as a whole is protected, rather than adversely affected by this activity.

## Levels of Service

# Environmental Monitoring

### Activity 3.3: Environmental Incidents Response

**Contribution to Community Outcomes:** The Environmental Incidents Response activity contributes mainly to the “Northland’s natural environment is sustainably managed” community outcome.

**Objective:** The objective of the Environmental Incidents Response activity is to minimise the adverse effects on the environment of incidents and non-compliance with the Resource Management Act.

#### 2007-2009 Intended Service Levels, Measures and Targets

##### 3.3.1 Providing a 24-hour, everyday environmental incident reporting, recording and response system, including the Environmental Hotline freephone.

#### Performance Measures and Targets

Incident response will be undertaken in line with the Council’s ISO-accredited management systems, (which are internally and externally audited) and will include:

- Recording, investigating and taking follow-up action on incidents reported to the Council where there are adverse effects on the environment and/or alleged non-compliance with the Resource Management Act.
- Taking appropriate enforcement action in cases of significant non-compliance with statutory requirements.
- Report on the response, including any enforcement action, to the incident reporter (as and when the follow up action is completed) and to the Council in the following month.

#### Actual Service Performance to 30 June 2008

There were 1035 environmental incidents reported during the period 1 July 2007 to 30 June 2008. All were recorded on the Council database. The current incident database is to be reviewed to improve the ability the record degree of compliance and follow up action by staff in the case of significant non compliance. At present it is currently difficult to report on these outcomes.

22 abatement and 19 infringement notices were issued as a result of incidents responded to by Council. One prosecution was commenced as a result of incident response. Enforcement action is tracked through Council’s Worksmart database. The current incident database is to be reviewed to improve the ability the record degree of compliance and enforcement decision by staff in the case of significant non compliance. At present it is currently difficult to report on these outcomes.

Details of incidents recorded on Council’s database are reported to Council each month. Workflow within the record requires recording of response back to incident reporter where required. Enforcement actions are reported to Council each month.

#### Significant negative effects of Environmental Incidents Response Activities

While responding to environmental incidents may be perceived as having a negative effect on those who infringe, it is considered that the well-being of the regional community, as a whole, is enhanced rather than adversely affected by this activity.



## Levels of Service

# Environmental Monitoring

### Activity 3.4: Hazardous Substances and Contaminated Sites

Contribution to Community Outcomes: The Hazardous Substances and Contaminated Sites activity contributes mainly to the “Northland’s natural environment is sustainably managed” community outcome.

Objective: The objective of this activity is to reduce the quantities of hazardous substances and hazardous wastes entering Northland’s environment, and minimising the adverse effects of these.

#### 2007-2009 Intended Service Levels, Measures and Targets

##### 3.4.1 Facilitate the safe and lawful storage of hazardous substances and management of waste hazardous substances, where there is no appropriate alternative service provided.

#### Performance Measures and Targets

Services will be provided in line with the Council’s ISO-accredited waste management procedures and management systems and will include:

- Operating, in conjunction with PGG Wrightson - waste agrichemical collection facilities at Whangarei, Dargaville, Waipapa and Kaitaia. A new site will be set up in Kaikohe in 2006.
- Operating a facility in Whangarei for the short-term storage of waste hazardous substances awaiting transport.
- Providing a collection, transport and disposal service for other waste hazardous substances.
- Exporting for safe destruction, the intractable waste hazardous substances that the Council has collected.
- Providing a hazardous substances storage compliance monitoring and incident response service (under contract to the Department of Labour).
- An annual report to the Council and Department of Labour on the performance of these services.

#### Actual Service Performance to 30 June 2008

All services were provided in line with the waste management procedures and management systems.

*Achieved:* A collection service for waste hazardous substances has been provided to Northland ratepayers throughout 2007. In excess of four tonnes of waste chemicals were collected. A new, larger store has been set up at Waipapa. Due to the increasing use of the Waipapa site, the old store has been retained on site to cope with the influx of agrichemicals. The Kaikohe site will be set up at a later date.

*Achieved:* In conjunction with the Whangarei District Council, Northland Regional Council operates a facility for the packaging and storage of waste hazardous substances, prior to transporting the substances to Auckland for disposal.

*Achieved:* Service provided.

*Achieved:* In excess of four tonnes were exported.

*Achieved:* Workplace inspections of premises storing and using hazardous substances continued during the period ending 31 December 2007, with 210 sites visited and inspected. In addition, 21 incidents involving hazardous substances were attended on behalf of the Department of Labour.

*Not achieved:* The Department of Labour now reports on an annual basis directly to the Environmental Risk Management Authority. A report was provided to Council.

## Levels of Service

# Environmental Monitoring

## Activity 3.4: Hazardous Substances and Contaminated Sites continued

### 3.4.2 Facilitate the management of contaminated sites in Northland.

#### Performance Measures and Targets

- Maintaining and updating a database of potentially contaminated sites, related site assessments and remediation.
- Promoting the assessment and remediation of significant contaminated sites.
- Promote the availability of contaminated site information through the LIM and PIM systems by providing the District Councils with the information in the database of potentially contaminated sites, related site assessments and remediation.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* At present the database is being revised to reflect new and updated MFE guideline publications.

*Achieved:* This is ongoing, as and when needed. There were no new significant contaminated sites reported or found over the year.

*Partially achieved:* Until the revamped database is completed, information is provided to the District Councils on an individual site basis.

#### Significant negative effects of Hazardous Substances and Contaminated Sites Activities

Identifying the true cost of waste disposal has a negative financial impact on some sectors of the community in terms of waste disposal charges. However, this is outweighed by the positive impact on the well-being of the wider regional community by the appropriate management of waste.

## Levels of Service

# Environmental Monitoring

## Navigation and Safety Overview

The Marine Oil Spill Contingency Plan for Northland was subject to a number of minor amendments in order to maintain correct information in the plan.

Two oil spill response exercises were carried out: a combined desk-top/equipment deployment exercise at Paihia and a large equipment deployment exercise at Marsden Point.

Council staff successfully removed 1500 litres of diesel fuel from the 20-metre fishing boat 'Seawyf,' grounded on Fair Way Reef in the Far North in March 2008. A total of 31 reported marine oil spills were responded to.

The Whangarei Harbour risk assessment was updated and the safety management system was submitted for Maritime New Zealand's approval in April 2008. The Bay of Islands' risk assessment was approved by Maritime New Zealand in December 2007 and development of the safety management system is ongoing.

A major upgrade of aids to navigation in the Bay of Islands and Mangonui Harbour entrance progressed well.

The upgrade will be completed as weather and sea conditions allow.

A team of 15 harbour wardens, distributed throughout Northland, was available to provide local advice. Harbour patrols were carried out in the busiest areas during December.

A total of 22 cruise ships called into the Bay of Islands during the 2007-2008 summer season. Most ships arrived and departed on the same day, although the smallest visitor, "Oceanic Discoverer" stayed overnight during all six visits she made. Approximately 18,000 passengers visited the Bay on board these ships this summer.

The Hatea River Channel Working Group, established jointly with the Whangarei District Council and key Hatea River stakeholders, progressed this project to the point at which the resource consent application for the dredging work was submitted and the drawing up of tender documents commenced.

## Activity 3.5: Maritime Operations – Oil Pollution Response

**Contribution to Community Outcomes:** The Oil Pollution response activity contributes mainly to the "Northland's natural environment is sustainably managed" community outcome.

**Objective:** The objective of this activity is to minimise the adverse effects of marine oil spills on the Northland environment.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 3.5.1 To maintain and implement the Marine Oil Spill Contingency Plan for the Northland region.

##### Performance Measures and Targets

All activities carried out are in line with the Marine Oil Spill Contingency Plan for Northland and Council's ISO-accredited procedures and management systems, and will include:

- Having in place a team trained in accordance with Maritime NZ standards, and having the appropriate equipment available to respond to oil spills, at any time, in accordance with the Plan.
- Conducting oil spill response exercises, as set out in the Plan.

##### Actual Service Performance to 30 June 2008

**Ongoing:** The Marine Oil Spill Contingency Plan for Northland was subject to a number of minor amendments in order to maintain correct information in the plan.

**Achieved:** Training was carried out in compliance with Maritime New Zealand's standards to maintain the response team in accordance with the Marine Oil Spill Contingency Plan for Northland. All scheduled maintenance and testing of oil spill response equipment was completed to Maritime New Zealand's standards.

**Achieved:** Two oil spill response exercises were carried out: a combined desk-top/equipment deployment exercise at Paihia and a large equipment deployment exercise at Marsden Point.

## Levels of Service

# Environmental Monitoring

## Activity 3.5: Maritime Operations - Oil Pollution Response continued

### 3.5.1 To maintain and implement the Marine Oil Spill Contingency Plan for the Northland region.

#### Performance Measures and Targets

- Responding to oil spills in line with the Plan.
- Recording all oil spills and action taken and reporting these to the Council, monthly.
- Monitoring of oil/fuel transfer sites (Tier I sites) for compliance with spill prevention and response requirements.

#### Actual Service Performance to 30 June 2008

*Achieved:* A total of 31 reported marine oil spills were responded to in accordance with the Plan.

*Achieved:* All reported marine oil spills were recorded in the Maritime section of the Council's incident database and reported to Council monthly.

*Achieved:* Monitoring carried out and Tier 1 site records updated to reflect any changes that had occurred.

### Significant negative effects of Maritime Operations - Oil Pollution Response Activities

While responding to oil pollution may be perceived as having a negative effect on those who infringe, it is considered that the well-being of the regional community, as a whole, is enhanced rather than adversely affected by this activity.

## Activity 3.6: Maritime Operations – Harbour Safety and Navigation

**Contribution to Community Outcomes:** The Harbour Safety and Navigation activity contributes mainly to the "Northland's natural environment is sustainably managed" and the "Northland's infrastructure is developed in a sustainable way" community outcomes.

**Objective:** The objective of this activity is to provide services that promote safe navigation and use of Northland harbours.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 3.6.1 Promote safe navigation and use of Northland harbours and implement the New Zealand Port and Harbour Marine Safety Code.

#### Performance Measures and Targets

This activity will comply with the New Zealand Port and Harbour Marine Safety Code, as audited by Maritime New Zealand and Council's ISO-accredited procedures and management systems, and will include:

- Implement a code-compliant safety management system for Whangarei Harbour and the Bay of Islands. Carry out code application assessments for other Northland harbours by June 2007.
- Administer maritime safety and navigation bylaws relating to use of Northland harbours, coastline and port facilities by recreational and commercial vessels.

#### Actual Service Performance to 30 June 2008

*Ongoing:* The Whangarei Harbour risk assessment was updated and the safety management system was submitted for Maritime New Zealand's approval in April 2008. The Bay of Islands risk assessment was approved by Maritime New Zealand in December 2007 and development of the safety management system is ongoing.

*Achieved:* Ongoing via consultation, education and enforcement. New navigation bylaws came into force in November 2007. New infringement regulations came into force in March 2008.

## Levels of Service

# Environmental Monitoring

## Activity 3.6: Maritime Operations – Harbour Safety and Navigation continued

### 3.6.1 Promote safe navigation and use of Northland harbours and implement the New Zealand Port and Harbour Marine Safety Code.

#### Performance Measures and Targets

- Provide and maintain navigation aids and signage required for safe navigation in Northland harbours.
- Provide harbour wardens and patrols to monitor and manage harbour safety and navigation, particularly during heavy use, and to encourage observance of the Council's Navigation and Safety Bylaw 2001 and related safety promotion programmes.
- Investigate and take follow-up action on any reported breaches of the Navigation Safety Bylaw 2001, and other relevant maritime related regulations, by providing a 24-hour, everyday, maritime incident reporting, recording and response system.
- Provide pilotage services for vessels calling into the Bay of Islands, in line with applicable regulations and any requirements of the Bay of Islands safety management system, once adopted.
- Complete investigations for dredging of the Hatea Channel, jointly with the Whangarei District Council and stakeholders, by 30 June 2008.

#### Actual Service Performance to 30 June 2008

*Ongoing:* A major upgrade of aids to navigation in the Bay of Islands and Mangonui Harbour entrance was progressed well. The upgrade will be completed as weather and sea conditions allow.

*Achieved:* A team of 15 harbour wardens, distributed throughout Northland, was available to provide local advice. Harbour patrols were carried out in the busiest areas during December.

*Achieved:* A 24-hour maritime response roster was maintained and 344 incidents were reported, recorded, responded to and reported to Council. Four infringement notices were issued.

*Achieved:* 22 cruise ships were piloted safely into and out of the Bay of Islands.

*Achieved:* The Working Group, established jointly with the Whangarei District Council and key Hatea River stakeholders, progressed this project to the point at which the resource consent application for the dredging work was submitted and the drawing up of tender documents commenced.

#### Significant negative effects of Maritime Operations – Harbour Safety and Navigation Activities

A significant negative impact on well-being may arise in situations where people feel their rights are diminished in order to provide for the well-being of the wider public or for future generations.



## Statement of Cost of Activities

### Land Operations

For the Year Ended 30 June 2008

Actual 30-Jun-07 Cost of Services \$		Note	Actual 30-Jun-08 Cost of Services \$	Annual Plan 30-Jun-08 Cost of Services \$	Variance \$
<b>GROSS COST OF ACTIVITIES</b>					
1,063,947	Hazards and emergency management	1	779,385	1,221,094	441,709
1,011,717	River management works	1	1,831,717	508,722	(1,322,995)
1,184,973	Sustainable land management		1,366,196	1,309,794	(56,402)
1,768,689	Biosecurity management	2	1,558,803	2,106,454	547,651
<u>5,029,326</u>	<b>TOTAL GROSS COSTS</b>		<u>5,536,101</u>	<u>5,146,064</u>	<u>(390,037)</u>
<b>LESS REVENUE</b>					
349,730	User fees and sundry		245,708	296,500	50,792
10,530	Grants and subsidies		—	10,000	10,000
420,000	Awanui River Rate		470,022	420,000	(50,022)
—	Kaihu River Rate		62,002	71,063	9,061
2,411,712	Targeted Land Management Rate		2,857,541	2,775,105	(82,436)
<u>3,191,972</u>	<b>TOTAL REVENUE</b>		<u>3,635,273</u>	<u>3,572,668</u>	<u>(62,605)</u>
<u>1,837,354</u>	<b>NET COST OF SERVICES</b>		<u>1,900,828</u>	<u>1,573,396</u>	<u>(452,642)</u>
363,732	<b>CAPITAL EXPENDITURE</b>	1	—	181,500	(181,500)

Variance compared to Annual Plan:

#### Expenditure

- Expenditure relating to river management works is higher than forecast in the Annual plan as a result of; Council approving additional emergency and storm related expenditure on the Awanui, Kaihu and Kaeo Rivers of \$534,000; budgeted capital expenditure of \$182,000 on the Awanui River Management Scheme transferred to operational expenditure; and expenditure of \$363,000 treated as capital work in progress in the 2005-2006 and 2006-2007 financial years transferred to operating expenditure in the current financial year. The emergency and storm related expenditure contributed to Kaeo to provide remedial measures to reduce immediate flood risks was matched by contributions from the Far North District Council and the Department of Internal Affairs. The estimated total cost of the planned remedial works of \$423,000 and agreement was reached on a three-way sharing of costs, giving a one-third share of \$141,000 to each partner. The Northland Regional Council funded and completed the first stage of these agreed works prior to 30 June 2008. Payment was received from the Far North District Council and the Department of Internal Affairs in July 2008 and October 2008 respectively. With funding now confirmed The Northland Regional Council can now proceed with scheduled works.
- Expenditure relating to biosecurity management is less than forecasted in the Annual Plan due to a delay in agreeing Community Pest Control Agreements with the communities.

## *Levels of Service*

# Land Operations

## Land Operations Overview

### Awanui Flood Management

An accelerated programme of works set out in the Awanui Flood Management Plan was approved in March 2008. The scheme was reviewed, as progress on the work is well ahead of the Management Plan programme and funding. Restoration works are scheduled for completion in the 2008-2009 financial year.

Council has spent about \$1.5 million on the Awanui scheme since it took over the management of the plan from the Far North District Council in 2005. The programme, which continued throughout 2007-2008, should offer improved protection against flooding and includes a mixture of channel works and stopbank improvements.

Complex computerised flood models are also being finalised for the Awanui, Kaeo and Kaihu Rivers to enable further flood risk reduction options to be investigated. Restoration work was tested by the severe floods in July 2007. The computerised flood models will enable more accurate assessment of, and plans to reduce, flood risks.

### Kaihu River Management

The Interim Kaihu River Management Plan, adopted in 2006, provides for the channel to be restored by June 2009. River cross section data was located during 2007 and the lower river channel has been surveyed to enable comparison with 1950s designs and previous surveys. The works programme was accelerated, with restoration work due for completion early in the 2008-2009 construction season, as approved by Council in March 2008.

### Flood Events

Northland experienced a significant storm event in July 2007, with more than the average monthly rainfall recorded over 2-3 days. Far North communities were isolated by flooding and other weather-related incidents, including Horeke, Pawarenga, Mitimiti, Kaeo, Mangamuka and Rahiri. There were multiple road closures throughout the Far North and Whangarei Districts,

attributed to flooding, slips and downed trees. Welfare centres were set up at locations throughout the Far North to help storm victims.

Heavy rain again caused flooding in August 2007, and Northland has continued to experience above average rainfall.

The Civil Defence Emergency Management (CDEM) Group in Northland, which dealt with the aftermath of the March storms, was recognised for their work at the inaugural 'Organisation of the Year Award' in July 2007. The Northland CDEM Group comprises six members - an elected representative from each of Northland's three District Councils as well as the Northland Regional Council, and a senior Northland representative from both the police and fire services.

### Land Management

Council works with representatives of the dairy industry, marine farming industry, coastal communities, landholders and other industries to promote sustainable land and water management practices and to improve river, estuary and coastal water quality. Council monitoring shows 80% of dairy farm effluent systems either comply or have only minor non-compliance.

Land and water management plans have been adopted for Te Puna and Whangaroa and drafted for Kaipara rivers. Coastal marine areas are being fenced off to prevent stock grazing estuarine vegetation and wandering in tidal areas, and steady progress has been made with fencing to exclude stock from the estuaries in the Kaipara Harbour and Te Puna Inlet.

Meat and Wool NZ established two monitor farms in Northland, during the year, at Waiotira and Pakaraka. Council officers undertook detailed land resource inventory surveys, assisted landowners with the preparation of environmental farm plans, and continued to participate in well attended field days promoting sustainable land management, particularly through nutrient management plans.

## Levels of Service

# Land Operations

## Activity 4.1: Hazard and Emergency Management

**Contribution to Community Outcomes:** The Hazard and Emergency Management activity contributes mainly to the “Northland residents are safe and healthy”, and “Northland’s infrastructure is developed in a sustainable way” community outcomes.

**Objective:** The objective of this activity is to work with communities to increase awareness of the hazards which may threaten them, work to avoid or reduce the risks associated with these hazards, respond to major events and have plans in place to assist in recovering from any emergencies, and work to reduce the level of damage caused by flooding and erosion.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 4.1.1 Implement the Civil Defence Emergency Management Group Plan for Northland in consultation with the district councils, emergency services, lifeline utility managers and health services.

##### Performance Measures and Targets

- Report annually on progress in implementing the Plan.

##### Actual Service Performance to 30 June 2008

*Achieved:* Progress reports presented by the Chairman of the Northland CDEM Coordinating Executive Group to each meeting of the Northland CDEM Group (04/09/2007, 04/12/2007, 04/03/2008).

#### 4.1.2 Prepare a comprehensive Flood Management Plan for the Kaihu River.

##### Performance Measures and Targets

- Report annually on progress.
- Complete the Kaihu River Flood Management Plan by 30 June 2009.

##### Actual Service Performance to 30 June 2008

*Achieved:* Reported to Landcare Committee on 27 July 2007 and updates in CEO’s Report to Council each month.

*In progress:* The Kaihu River Management Plan is on schedule for completion by 30 June 2009. In the meantime, the River is being managed under the Interim Kaihu River Management Plan.

#### 4.1.3 Implement the completed river management plans for the Waima, Waimamaku, Kaihu, Waihou, and Otua Rivers and the Tauranga and Taupo Bay Streams.

##### Performance Measures and Targets

- Report annually on the implementation of river management plans.

##### Actual Service Performance to 30 June 2008

*Not achieved:* Delays in employing suitably qualified staff have impacted on progress in adopting the Management Plans for the Waima and Waimamaku Rivers and Taupo Bay Stream. Rivers and streams have now been ranked according to risk, with 23 rivers identified as priorities by the Council on 19 March 2008. This list was adopted and substantially increased funding made available via the Draft Annual Plan 2008-2009 to complete the management plans within two years. The Kaihu River is being managed under the Interim Kaihu River Management Plan, and the Waimamaku and Otua Rivers and Taupo Bay Stream are being managed according to their Draft Plans. The Interim Flood Management Plan for the Kaeo River and Smaller Whangaroa Rivers and Streams from Taupo Bay to Te Ngairu was adopted on 24 June 2008.

## Levels of Service

# Land Operations

## Activity 4.1: Hazard and Emergency Management continued

### 4.1.4 Prepare and implement river management plans for Mangakahia and Kerikeri Rivers and the Otaika Stream.

#### Performance Measures and Targets

River management plans are prepared and implementation started according to the following schedule:

- Mangakahia River and Otaika Stream by 30 June 2007.
- Kerikeri River by 30 June 2009.

#### Actual Service Performance to 30 June 2008

*Not achieved:* See notes above on prioritisation above.

*In progress:* On track to be completed by 30 June 2009 as scheduled. LIDAR survey, flood level and extent and river flow data collected, including that of the 29 March 2007 flood event, river cross sections surveyed and model being developed in a joint project with Far North District Council.

### 4.1.5 Prepare a flood management and land drainage plan for the floodplain of the Ruakaka River and associated low land between McCathie Road and Mountfield Road.

#### Performance Measures and Targets

- Plan adopted by 30 June 2009.

#### Actual Service Performance to 30 June 2008

*In progress:* On track to be completed by 30 June 2009 as scheduled. LIDAR survey, flood level and extent and river flow data collected, including that of the 29 March and 10 July 2007 events.

### Significant negative effects of Hazard and Emergency Management Activities

A significant negative effect on well-being may arise in situations where people feel their rights are diminished in order to provide for the well-being of the wider public or for future generations. Some people may also consider the additional cost of providing flood protection as having a negative economic impact.

## Levels of Service

# Land Operations

## Activity 4.2: River Management Works

**Contribution to Community Outcomes:** River Management Works contribute mainly to the “Northland residents are safe and healthy” community outcome.

**Objective:** The objective of this activity is to reduce the frequency, depth and duration of flooding by ensuring river systems are maintained, the incidence of streambank erosion is reduced and land uses on flood-susceptible land are sustainable.

### 2007-2009 Intended Service Levels, Measures and Targets

**4.2.1 Manage the Awanui River system, its associated floodplain and land protected around the shores of Rangaunu Harbour according the Awanui River Flood Management Plan and the Memorandum of Understanding between the Northland Regional Council and the Far North District Council.**

#### Performance Measures and Targets

- Undertake channel, stopbank and floodgate restoration work according to the programme of works set out in the Management Plan.
- Report to the Landcare Committee at each meeting and to the Northern Community Board and the Far North District Council twice yearly.

#### Actual Service Performance to 30 June 2008

*Achieved:* Scheme reviewed, as progress on work is well ahead of the Management Plan programme and funding. Council approved accelerated programme 19/03/2008, with restoration works due for completion during the 2008-2009 construction season.

*Not Achieved:* It should be noted that this performance measure will change as soon as the resource consent is granted, as reporting will then be to a liaison committee. New liaison committee being appointed and will meet in August 2008.

**4.2.2 Manage the Kaihu River and its floodplain according to the Kaihu River Flood Management Plan.**

#### Performance Measures and Targets

Restore and maintain the Kaihu River channel to:

- Its 1950s design dimensions between Parore Road and the Northern Wairoa River.
- Its June 2006 design dimensions between Waihue Road and Parore Road by 30 June 2009.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* The Interim Kaihu River Management Plan provides for the channel to be restored by June 2009. River cross section data located and lower river channel surveyed to enable comparison with 1950s design and previous surveys. Works programme accelerated with restoration work due for completion early in 2008-2009 construction season, as approved by Council 19 March 2008.

*As above.*



## Levels of Service

# Land Operations

## Activity 4.2: River Management Works continued

### 4.2.3 Reduce the incidence of flooding from smaller rivers and streams.

#### Performance Measures and Targets

- Provide advice, prepare flood management proposals and, subject to annual budgets, provide financial support for stream management works.
- Report activity to each Council meeting.

#### Actual Service Performance to 30 June 2008

*Achieved:* Advice given to landholders throughout Northland, particularly following the July 2007 flood. See note to 4.1.3.

*Achieved:* Significant activities reported to next Council meeting.

### Significant negative effects of River Management Works Activities

A significant negative effect on well-being may arise in situations in which people feel their rights are diminished in order to provide for the well-being of the wider public or for future generations. Some people may also consider the additional cost of river management works as having a negative economic impact.

## Activity 4.3: Sustainable Land Management

**Contribution to Community Outcomes:** Sustainable Land Management contributes mainly to the “Northland is prosperous” and “Northland’s natural environment is sustainably managed” community outcomes.

**Objective:** The objective of this activity is to promote the sustainable management of land, including soil, water and ecosystems in the Northland Region.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 4.3.1 Work with representatives of the dairy industry to promote sustainable land and water management practices on dairy farms in Northland.

#### Performance Measures and Targets

- Report annually on actual progress by all parties towards meeting the performance targets contained in the Northland Regional Action Plan for the Dairying and Clean Streams Accord.

#### Actual Service Performance to 30 June 2008

*Achieved:* Still awaiting 2006-2007 data from Fonterra. Council monitoring shows:

- 48% of effluent systems fully comply with consent conditions;
- 33% have minor non-compliance and 19% have significant non-compliance;
- 34% fully complied with permitted activity standards, 22% have minor non-compliance; and
- 44% significant non-compliance (reported to December 2007 Council meeting).
- Update as at 30 April 08 showed that of 2490 farms having significant non-compliance, 7 are yet to be visited, 99 are known to have done work to upgrade, 112 have agreed to do work and 22 are at high risk of future of future significant non-compliance.

Achievement of other targets contained in Accord Report “The Dairying and Clean Streams Accord: Snapshot of Progress – 2006/2007”.

## Levels of Service

# Land Operations

### Activity 4.3: Sustainable Land Management continued

**4.3.2 Work with the marine farming industry, coastal communities, landholders and industries to improve river, estuary and coastal water quality.**

#### Performance Measures and Targets

- Develop and commence the implementation of land and water management plans for the Whangaroa Harbour, Te Puna Inlet and in the Arapaoa and Otamatea Rivers in the Kaipara Harbour by 30 June 2007.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Plans only in draft form for the Kaipara rivers, but adopted for Te Puna and Whangaroa. Coastal marine areas being fenced off to prevent stock grazing estuarine vegetation and wandering in tidal areas. Steady progress, with Environment Fund assistance, in fencing to exclude stock from the estuaries in the Kaipara Harbour and Te Puna Inlet.

**4.3.3 Work with the representatives of other primary industry sector groups to promote sustainable land and water management practices to meet environmental performance standards set down in industry accords, codes of practice and best practice guidelines.**

#### Performance Measures and Targets

- Prepare land resource inventory maps for each of the three Meat and Wool Monitor Farms in Northland and support field days on these properties, promoting sustainable land use practices, by 30 June 2007.

#### Actual Service Performance to 30 June 2008

*Achieved:* Meat and Wool NZ established two monitor farms in Northland during the year (Waiotira and Pakaraka). Council officers undertook detailed land resource inventory surveys, assisted landowners with the preparation of environmental farm plans, and continued to participate in well-attended field days promoting sustainable land management, particularly nutrient management plans.

**4.3.4 Promote sustainable land management practices by providing advice on land use alternatives, land development techniques, soil conservation and drainage.**

#### Performance Measures and Targets

- Provide appropriate advice within 20 days of receiving requests for advice, and report annually on the number and type of responses given.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Discussions currently underway with the Ministry of Agriculture and Forestry on how best to train new staff and upskill existing staff in soil conservation practices to enable the delivery of land management programmes for erosion-prone land.

## Levels of Service

# Land Operations

## Activity 4.3: Sustainable Land Management continued

### 4.3.5 Develop and promote indigenous biodiversity policies for Northland.

#### Performance Measures and Targets

- Design and set up an indigenous biodiversity database for Northland by 30 June 2007.

#### Actual Service Performance to 30 June 2008

*Achieved:* This is not yet a single in-house database but a number of sources of data involving the Department of Conservation, District Councils, QEII Trust, Landcare Trust and the Council. Discussions continue with the three District Councils and the Department of Conservation on a single, inter-council database.

### 4.3.6 Support biodiversity protection and enhancement on private land and by community groups and through the Environment Fund.

#### Performance Measures and Targets

- Invite applications for financial support from the Environment Fund by mid-July each year. Allocate funds by 30 September and pay funds on successful completion of planned works. Report on applications, annually, and on performance of all previously approved Environment Fund projects by 30 June 2008.

#### Actual Service Performance to 30 June 2008

*Partially Achieved:* 171 applications received and \$516,493 allocated to 156 projects as confirmed by the Council at its November 2007 meeting. Funds are paid on the successful completion of planned works. Reporting will be provided on in the 2008-2009 financial year.

### Significant negative effects of Sustainable Land Management Activities

At this stage there are no known significant negative effects surrounding Council's planned Sustainable Land Management activities.

## Levels of Service

# Land Operations

## Pest Control Overview

Plant and animal pests are managed by the Biosecurity Department. Their aim is to reduce the adverse impacts of exotic organisms, pest plants and animal pests on primary production, natural ecosystems and human health. There are 24 thousand hectares of land spread over 21 communities, region-wide, within which pest animals and pest plants are being managed or being negotiated for management under the community Pest Control Areas (CPCA) programme.

Approximately 2,500 hectares of privately owned indigenous forest is protected from pests as a result of these community plans.

A range of plants have been identified as pests across the region. A highlight during 2007-2008 was the success in controlling Manchurian rice grass (*Zizania latifolia*) in all outlying areas. Manchurian rice grass has been included on the list of "pest plants of national importance" by Biosecurity New Zealand (BNZ). \$200,000 in funding from BNZ was provided to assist in the containment of this plant, in partnership with Council.

African feather grass (*Pennisetum macrourum*) is a perennial grass which forms large clumps up to two metres tall. Some 59% of the 63 African feather grass sites have now been cleared and 90% of the remaining outlying sites are predicted to be at low to nil infestation levels within the next four years.

The continued control of lantana (*Lantana camara* var. *aculeata*) in urban properties is halting its spread and a campaign to stop this pest plant reaching the Far North reserves has also been successful. The plant forms dense impenetrable thickets, invades bush edges, pasture, roadsides and wasteland where it replaces all other vegetation and is poisonous to stock and humans.

Spartina, also known as Cordgrass, is under management and all known sites will either be eradicated or remaining areas negligible within the next three years. Evergreen buckthorn (*Rhamnus alaternus*), one of 12 surveillance plant species rarely found in Northland, has also been successfully controlled in the past year at a site near Matakohē. The infestation has been there for at least 40 years and has been progressively reduced in size over the last 10 years.

Four successful Argentine Ant control projects were undertaken by Council staff and communities. Education and an advertising campaign have been undertaken to help inform landowners about the effects of this pest. Argentine ants can incur significant economic costs in the horticultural and agricultural sectors and have an impact in orchards and gardens by protecting honeydew-producing insects such as aphids and scales.

A wide variety of research grants were awarded to Council by the Foundation of Science and Technology (FRST), valued in total at more than \$210,000. This research improved knowledge of pest species, assisted with monitoring pest populations, provided advice on marine pests and described new and emerging weeds for Northland.

Fifty releases of new biological control agents for agriculture plant pests, such as ragwort, gorse and thistle species have occurred. Staff have also assisted in the successful releases of biocontrol agents for boneseed and supported the importation of a new control agent for tradescantia.

Council provided support for a 6000 hectare community-led scheme to eradicate goats at Mt Tiger, in the Pataua area, which has meant that more than 200 wild goats have been culled. Maintenance of an intensive stoat trapping regime at the Oneriri Peninsula has also been completed, as a precursor to the reintroduction of the North Island Brown Kiwi to protected forest within this Community Pest Control area.

Northland has continued its "wild deer free" status with a joint partnership between Council, the Department of Conservation and the Animal Health Board working to eradicate wild red, fallow and wapiti deer from the region and minimise farmed deer escapes.

## Levels of Service

# Land Operations

## Activity 4.4: Biosecurity Management

**Contribution to Community Outcomes:** Biosecurity Management contributes mainly to the “Northland’s natural environment is sustainably managed” and “Northland is prosperous” community outcomes.

**Objective:** The objective of this activity is to work to reduce the adverse impacts of exotic organisms, pest plants and animal pests on primary production, natural ecosystems and human health.

### 2007-2009 Intended Service Levels, Measures and Targets

#### NEW ORGANISMS

#### 4.4.1 Promote pest management options for guava moth, tropical grass webworm, Argentine ant and Darwin’s ant in Northland.

##### Performance Measures and Targets

- Provide pest management information on webworm and guava moth populations via the Council’s website and through media releases.

##### Actual Service Performance to 30 June 2008

*Achieved:* Media releases generated regularly with either the media releases or Council officers being quoted in at least 24 local press articles during the year.

#### 4.4.2 Work in partnership with Biosecurity New Zealand to identify and eradicate, contain or manage incursions of exotic plants and animals, insect pests, marine pests, and plant and animal diseases in Northland.

##### Performance Measures and Targets

- Implement a regional pest management strategy for Argentine ant and Darwin’s ant from 1 July 2006.

##### Actual Service Performance to 30 June 2008

*Achieved:* Argentine ant control completed by way of community plans at Whananaki and Skudder’s Beach, under the new strategy. An agreement with MAFBNZ and accelerated work programme has been negotiated, with control works planned for October 2008.

#### 4.4.3 Provide an organism identification service to the public, so enabling early identification of risk organisms and, where appropriate, implementation of containment, eradication or control measures.

##### Performance Measures and Targets

- Provide identification and advice service within 48 hours of the public bringing in an organism. Report on activity annually.

##### Actual Service Performance to 30 June 2008

*Achieved:* Approximately 35 inquiries related directly to requiring the identification of a species and were responded to on the day of the inquiry being made.



## Levels of Service

# Land Operations

## Activity 4.4: Biosecurity Management continued

### ANIMAL PESTS

**4.4.4 Undertake animal pest management operations, in support of landholders and community groups, within defined community pest management areas, in accordance with community pest management plans prepared for each area.**

#### Performance Measures and Targets

- Report annually, each July, to the Landcare Committee on the achievement of targets set in each of the Community Pest Control Area (CPCA) schemes.

#### Actual Service Performance to 30 June 2008

*Achieved:* Highlights of the operational plan included:

- 21,000 hectares of CPCA which are spread over 21 communities, region-wide, are underway or in negotiation, with the aim of controlling animal, plant or insect pests;
- Approximately 2,500 hectares of privately owned indigenous forest is protected from pests as a result of the community plans;
- The successful control of pest ant colonies at Whananaki and Skudders beach; and
- Maintenance of the region's "wild deer free" status, as a joint partner with Department of Conservation and the Animal Health Board. Wild red, fallow and wapiti deer have been removed and farmed deer escapes minimised.

### PLANT PESTS

**4.4.5 Implement pest plant service delivery programmes within Regional Pest Management Strategies and according to annually approved Operational Plans.**

#### Performance Measures and Targets

Report, annually, on the implementation of Pest Management Strategies to the first Landcare Committee meeting of each financial year. This includes:

- Control, by spraying, all re-growth Manchurian rice grass sites outside the major Northern Wairoa River and major tributary infestations.
- Commence the preparation of a new Regional Pest Management Strategy for Manchurian rice grass and a new management plan by 31 December 2006.

#### Actual Service Performance to 30 June 2008

Reports have been completed and will be presented to the September meeting of the Environmental Management Committee.

*Achieved:* All 74 sites have been successfully treated. Surviving infestations have been reduced to between 5% and 10% of the original density levels.

This project has changed, given the involvement of the Ministry of Agriculture and Fisheries Biosecurity New Zealand (MAFBNZ) and a change of control status for this plant to one of national importance. The Council's current RPMS for Manchurian rice grass will be reviewed as part of the current review of all regional pest strategies.

## Levels of Service

# Land Operations

## Activity 4.4: Biosecurity Management continued

### PLANT PESTS

#### 4.4.5 Implement pest plant service delivery programmes within Regional Pest Management Strategies and according to annually approved Operational Plans.

##### Additional Measure

Council will be working according to a national strategy which came into effect 2008. The change in approach and consequential change in the performance measure is a result of government funding assistance which is enabling an acceleration of the programme and results in an enhanced level of service, at no additional cost to the Council.

- Control by spraying, all re-growth of African feather grass on Pouto Peninsula, at Rahiri Settlement and Taumarere, and administer management plans for controlling this pest on six properties west of Te Kopuru.
- Range and control all nassella tussock infestations in Northland before 31 December each year and report on work.
- Spray re-growth spartina in the Kaipara Harbour and progressively in harbours throughout Northland, with the objective of eradicating this weed from Northland harbours.
- Eradicate infestations of lantana from all areas of Northland outside of the dense infestations of Hokianga and Whangaroa. Promote the identification, introduction and release of an appropriate biological control agent for lantana to achieve control of the Hokianga and Whangaroa infestations.

##### Actual Service Performance to 30 June 2008

Plans for control of Manchurian rice grass have been finalised with MAFBNZ and work is expected to commence during October 2008. A further 118 infested sites will come under management as a result of the current plan.

*Achieved:* 63 African feather grass sites were inspected during the year, with 37 sites surveyed and found to have no plants. In addition, the number of sites which have been clear for five years or more increased by approximately 21% compared to the previous year. It is expected that by late 2010 all sites in the mid north and Bay of Islands area, with the possible exception of the Rahiri cemetery site, will be clear of plants.

*Achieved:* 39 properties are recorded as having Nassella. These were all surveyed and 29 properties had no plants (down from 54 in 2006), with 26 of these recording no plants for the last three years.

*Achieved:* Rate of progress exceeds that set out in the project plan. All spartina in the Kaipara has been sprayed and all sites in the Hokianga are now under a management programme. Spartina in all other sites in Northland were sprayed, except for two sites in Parengarenga Harbour.

*Achieved:* An ongoing programme. A significant reduction in lantana populations in the Far North was achieved. Undiscovered lantana populations could exist north of Pukenui within exotic pine forest, and further survey and eradication on other sites will be undertaken. In addition, further investment was made to develop a lantana rust biological control agent this year.

## Levels of Service

### Land Operations

#### Activity 4.4: Biosecurity Management continued

**4.4.6 Enforce rules in the Northland Regional Pest Management Strategies, which require landholders to manage declared pest plants and animals pests.**

##### Performance Measures and Targets

- Report to each Council meeting on the number of sites inspected, the number of instructions issued, any works undertaken on default of an instruction and on the recovery of costs for such works.

##### Actual Service Performance to 30 June 2008

*Achieved:* Reports in the CEO's monthly report. Some 476 properties were inspected with more than 20 letters of instruction issued and no works were undertaken in default of notices. The extra costs of Nassella ranging were recovered from landowners, as provided for under the RPMS for nassella tussock.

**4.4.7 Provide advice on the control of problem plants, animals and insects - both declared pests and organisms not subject of the Northland Regional Pest Management Strategies.**

##### Performance Measures and Targets

- Report to each Council meeting on the number and type of requests for advice during the previous month. Report in July each year on the number of enquiries relating to each category of pest during the previous year, the type of advice given, the level of satisfaction as determined by interviews of a sample of enquirers, and on any trends that may be determined from such data.

##### Actual Service Performance to 30 June 2008

*Achieved:* Reported in the CEO's monthly report. More than 700 biosecurity inquiries were received on matters dealing with the control or management of invasive pests.

#### Significant negative effects of Biosecurity Management Activities

A significant negative effect on well-being may arise in situations where people feel their rights are diminished in order to provide for the well-being of the wider public or for future generations.



## Statement of Cost of Activities

### Council and Strategic Development

For the Year Ended 30 June 2008

Actual 30-Jun-07 Cost of Services \$		Note	Actual 30-Jun-08 Cost of Services \$	Annual Plan 30-Jun-08 Cost of Services \$	Variance \$
<b>GROSS COST OF ACTIVITIES</b>					
1,951,426	Community representation and strategic planning		2,162,861	1,847,682	(315,179)
100,000	Regional economic development	1	298,216	14,081,370	13,783,154
393,631	Commercial investments		358,677	364,892	6,215
245,709	Loss on asset		—	—	—
384,800	Loss on investment		—	—	—
<u>3,075,566</u>	<b>TOTAL GROSS COSTS</b>		<u>2,819,754</u>	<u>16,293,944</u>	<u>13,474,190</u>
<b>LESS REVENUE</b>					
81,312	User fees and sundry		89,667	55,500	(34,167)
1,146,168	Targeted Fixed Environmental Rate		1,263,620	1,255,369	(8,251)
—	Sale of assets		172,642	—	(172,642)
—	Net forestry revenue	2	—	578,053	578,053
2,219,394	Property rents		2,686,412	3,206,375	519,963
1,657,044	Regional Recreational Facilities Rate		1,718,660	1,681,906	(36,754)
6,985,249	Gain/(loss) on changes in fair value	3	2,409,472	586,891	(1,822,581)
<u>12,089,167</u>	<b>TOTAL REVENUE</b>		<u>8,340,473</u>	<u>7,364,094</u>	<u>(976,379)</u>
<u>(9,013,601)</u>	<b>NET PROFIT ALLOCATED TO FUNCTIONAL DEPARTMENTS</b>		<u>(5,520,718)</u>	<u>(8,929,850)</u>	<u>12,497,811</u>
191,613	<b>CAPITAL EXPENDITURE</b>		902,934	3,392,439	2,489,505

Variance compared to Annual Plan:

**Expenditure**

- Expenditure relating to regional economic development is less than forecast due to the deferral of the Regional Events Centre. The Annual Plan included \$13.3 million for the grant and interest cost relating to the Regional Events Centre.

**Revenue**

- The forestry harvest was deferred as a result of poor projected returns.
- Fair value adjustments relate to valuation movement on investment property, biological assets and property held for sale. These fair value adjustments do not represent additional cash collected by the Council.



## Levels of Service

# Council and Strategic Development

## Council and Strategic Development Overview

### Northland Regional Events Centre

The Northland Regional and Whangarei District Councils called for expressions of interest for a \$16 million multi-purpose events centre at Okara Park in June 2008. The Councils asked contractors to look at the project on a design-build basis which means spending is capped at \$16 million, and building firms will vie for the opportunity to provide the best value option within the budget.

### Annual Plan 2008-2009

The Annual Plan for the 2008-2009 year was adopted in June 2008. Extra spending to reduce the risks from 23 flood-prone rivers, and to better manage regional development, were among new initiatives in the Plan. Council received 189 submissions on its Draft Annual Plan, which followed the direction set out in the previously approved Long Term Council Community Plan 2006-2016.

The plan also outlined spending of an extra \$250,000 to build on work already undertaken to develop a Regional Growth Strategy for Northland. The strategy is intended to provide a clear vision and strategic direction for sustainably managing the region's growth prospects up to 50 years into the future.

### Broadband

Council and broadcast and telecommunications company, Kordia™, signed a memorandum of understanding (MOU), in May 2008, as the first step towards scoping, developing, building and operating a fibre optic-based telecommunications infrastructure in Northland.

The plans are at an early stage, but the MOU is a significant step toward ultimately securing much-needed improvements to the region's telecommunications network. The two parties hope to see a publicly-owned/controlled, commercially successful open access network offering infrastructure to a range of service providers within the next two to three years.

The network investment will initially focus on deploying a fibre optic backbone linking Northland communities, with local access solutions provided to people and businesses by a range of public and private sector providers. Profits will be used to expand the network's reach so that it can eventually service virtually the entire region – with a particular focus on its rural communities.

### Marsden Point Rail Corridor

Properties purchased by Council during the 2007-2008 financial year included land and some residential buildings in the Oakleigh to Marsden Point area. These properties will be designated and subdivided to secure the approximately 16 kilometre route of the proposed Oakleigh to Marsden Point rail corridor. A joint venture between the Regional Council and rail infrastructure agency ONTRACK is intended to be established before 30 June 2009 to advance the proposed corridor. The joint venture will buy land acquired by the Council at the cost of acquisition.

### Elections

Council welcomed new councillors John Bain and Joe Carr following the October 2007 elections. In the Whangarei constituency, Cr Bain replaced Stan Semenov, who left Council to successfully contest the Whangarei Mayoralty, while in the Far North Cr Carr replaced Jim Peters, who retired after serving on Council since its creation in 1989. All six councillors from the previous Council who sought re-election were successful.

### Governance Restructure

A change in Deputy Chairman and reassignment of Committee membership were the two main changes to Council's governance structure in June 2008. Council took the opportunity to restructure the governance arrangements to align them with management changes within the organisation.

Cr Peter Jensen stepped away from the Deputy Chairman role he held for four terms, with Cr Ian Walker taking up the position. Cr John Bain became the new Chairman of the Regional Land Transport Committee while Cr Joe Carr became the Chair of a new Catchment Management Sub-Committee.

## Levels of Service

# Council and Strategic Development

## Activity 5.1: Community Representation and Strategic Planning

**Contribution to Community Outcomes:** Community representation and strategic planning contribute mainly to the “Northland’s natural environment is sustainably managed” community outcome.

**Objective:** The objective of this activity is to ensure community representation through elected Councillors and to facilitate long term planning through the creation of the Northland Community Plan, including the identification and monitoring of community outcomes.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 5.1.1 Provide democratic local decision making and action on behalf of the local community on issues relevant to the Northland Regional Council’s roles and responsibilities.

##### Performance Measures and Targets

- Call for nominations and to hold elections for the Council for the 2007-2010 triennium.
- Review the committee structure following the 2007 election.
- All Council and committee meetings and hearings are notified and conducted in accordance with the requirements of the Local Government Official Information and Meetings Act 1987 and standing orders.
- The Local Governance Statement, Triennial Agreement, committee and staff delegations and a Council Code of Conduct are adopted and made publicly available in accordance with the requirements of the Local Government Act 2002.
- No Council decisions are judicially reviewed for non-compliance with sections 76-81 of the Local Government Act 2002.

##### Actual Service Performance to 30 June 2008

*Achieved:* Nominations for the 2007-2010 triennium were called for on 25 July 2007.

*Achieved:* New committee structure was adopted at the Council meeting on 21 November 2007.

*Achieved.*

*Partially achieved:* Local Governance Statement made publicly available on 11 April 2008.  
Triennial Agreement signed 20 May 2008.  
Code of Conduct adopted 19 March 2008.

*Achieved.*

#### 5.1.2 Consult on and communicate the Council’s strategic direction, including details of intended levels of Council services with the community.

##### Performance Measures and Targets

- Adopt the Northland Community Plan 2009-2019 by 30 June 2009 and Annual Plans in the intervening years by 30 June 2007 and 2008, in accordance with the requirements of the Local Government Act 2002.

##### Actual Service Performance to 30 June 2008

*Achieved:* The Annual Plan 2008-2009 was adopted using the Special Consultative procedure at a meeting of the Council on 25 June 2008.

## Levels of Service

# Council and Strategic Development

## Activity 5.1: Community Representation and Strategic Planning continued

### 5.1.3 Work with the communities of Northland and other organisations towards achieving regional community outcomes.

#### Performance Measures and Targets

- Describe how the Council will contribute to furthering community outcomes in the activities section of the Northland Community Plan 2009-2019.
- Report on the progress the community has made towards achievement of the Regional Community Outcomes in the Northland Community Plan 2009-2019.

#### Actual Service Performance to 30 June 2008

*Achieved:* Work is concentrated around the Northland Intersectoral Forum and the Northland Monitoring Forum.

*Not applicable for 2007-2008:* Will occur in 2009 with the development of the Northland Community Plan 2009-2019.

### Significant negative effects of Community Representation and Strategic Planning Activities

A significant negative effect on well-being may arise in situations where people feel their rights are diminished in order to provide for the well-being of the wider public or for future generations.

## Activity 5.2: Regional Development

**Contribution to Community Outcomes:** Regional Development contributes mainly to the “Northland is prosperous” and “Northland retains and enhances its regional identity” community outcomes.

**Objective:** The objective of this activity is to promote a vibrant and growing region.

### 2007-2009 Intended Service Levels, Measures and Targets

#### 5.2.1 Promote regional development through the operation of the Northland Regional Council Community Trust, which holds an \$11.4 million fund.

#### Performance Measures and Targets

- Receipt of quarterly reports from the Trust detailing actual progress compared to the objectives negotiated in the Annual Statement of Intent.

#### Actual Service Performance to 30 June 2008

*Achieved:* All quarterly reports received by due dates in the required format.

#### 5.2.2 Support the promotion of Northland as a destination.

#### Performance Measures and Targets

- Make a \$100,000 per annum grant to Destination Northland Ltd.
- Receipt of quarterly reports detailing actual activities in accordance with the negotiated Annual Terms of Agreement.

#### Actual Service Performance to 30 June 2008

*Achieved:* Four quarterly payments of \$25,000 were made on receipt of KPI reports in accordance with the signed Terms of Agreement.

*Achieved:* All quarterly reports received by the due dates in the required format.

## Levels of Service

# Council and Strategic Development

## Activity 5.2: Regional Development continued

### 5.2.3 Support the arts industry sector in Northland.

#### Performance Measures and Targets

- Make provision for a grant of \$50,000 per annum to assist with co-ordination and development of the arts industry.

#### Actual Service Performance to 30 June 2008

*Achieved:* The 2007-2008 grant was paid on receipt of a final report and presentation to the Council.

### 5.2.4 Work with the three District Councils via Council Committees and the Mayoral Forum to advocate on behalf of Northlanders.

#### Performance Measures and Targets

- Mayoral Forum meets at least twice a year.
- Regional Development Committee meets at least twice each year.

#### Actual Service Performance to 30 June 2008

*Achieved:* The Forum has met five times during the year.

*Achieved:* The Committee met once in 2007 before the Triennial election. The Regional Development Committee was replaced with the Audit and Finance committee following the election. Audit and Finance subsequently met four times by 30 June 2008.

### 5.2.5 Co-ordinate and represent a Northland viewpoint at a national level on appropriate issues.

#### Performance Measures and Targets

- Membership and active participation in the Northland Intersectoral Forum, particularly in relation to community outcomes.
- Members of the Mayoral Forum to meet with central government politicians, as required.

#### Actual Service Performance to 30 June 2008

*Achieved:* Northland Intersectoral Forum has spawned an "NIF Planners Forum" specifically charged with providing indicators to measure progress towards achieving community outcomes.

*Achieved:* The Mayoral Forum consists of members from other local authorities, on which the Council cannot report. The Council CEO and Chairperson have met with a number of central government politicians on relevant matters during the year ended 30 June 2008.

### 5.2.6 Further develop relationships with key stakeholders in the Northland Region through the ongoing process of identifying community outcomes and implementing the Long Term Council Community Plan.

#### Performance Measures and Targets

- Develop a plan for ongoing relationships between stakeholder groups with the Northland Intersectoral Forum as the central agency by 30 June 2007.

#### Actual Service Performance to 30 June 2008

*Partially achieved:* Council is a member of the Northland Intersectoral Forum and the Northland Planners Forum.

## Levels of Service

# Council and Strategic Development

## Activity 5.2: Regional Development continued

**5.2.7 Provide community funding for regional initiatives undertaken by the Council, or in joint venture or partnership with other authorities, and organisation on a case-by-case basis.**

### Performance Measures and Targets

- Make a grant of \$25,000 per annum to assist with the further development and implementation of the Regional Sport and Physical Activity Strategy, contingent on support from other stakeholders.
- Conduct due diligence and the appropriate community consultation on significant projects, as required, in accordance with the requirements of the Local Government Act 2002.
- Report annually on any regional initiatives undertaken.

### Actual Service Performance to 30 June 2008

*Achieved:* The grant was paid to Sport Northland in September 2007.

*Partially achieved:* Discussions and planning with Whangarei District Council and proposed Trustees continue in relation to the Northland Events Centre. Public consultation on the proposed establishment of a Council-controlled organisation to form a joint venture with ONTRACK to progress the Marsden Point Rail Link Corridor was notified and commenced on 22 December 2007.

*Achieved:* No new regional initiatives have been completed in the period 1 July 2007 to 30 June 2008, although the Northland Events Centre project is ongoing.

### Significant negative effects of Regional Development Activities

At this stage there are no known significant negative effects surrounding the Council's planned Regional Development activities.



## Levels of Service

# Council and Strategic Development

## Activity 5.3: Commercial Investments

**Contribution to Community Outcomes:** The commercial investments activity contributes primarily to the “Northland’s natural environment is sustainably managed” community outcome.

**Objective:** The objective of this activity is to endeavour to manage commercial investments to provide reliable cash flows to the Council and ensure that the value of the capital base is maintained.

### 2007-2009 Intended Service Levels, Measures and Targets

#### PROPERTY INVESTMENTS

##### 5.3.1 Manage the Council’s investment properties effectively.

###### Performance Measures and Targets

- Achieve an average economic return of at least 6.5% over the term of this plan, on the overall value of the investment property portfolio.
- Report annually on any re-investments made.

###### Actual Service Performance to 30 June 2008

*Not achieved:* ROI is 5.3%. The lower return is in part due to rentals for the Commerce Street property being only partially realised. The ROI reflects increases in valuations over recent years. Rent reviews may, or may not, fall in the next financial year.

*Achieved:* There were no properties sold and re-invested in the year ended 30 June 2008. Two investment properties in Mata were purchased and a portion of the Commerce Street site was developed with the construction of a substantial commercial warehouse building.

#### FOREST MANAGEMENT

##### 5.3.2 Maintain the forest to ensure maximum economic return.

###### Performance Measures and Targets

- Manage the Council’s forestry assets in accordance with the Forest Management Plan.
- Report against annually.

###### Actual Service Performance to 30 June 2008

*Achieved:* The Council made a decision on 19 December 2007 to defer the next forest produce sale to 2008, owing to the market conditions.

*Achieved:* Via the Annual Report.

### Significant negative effects of Commercial Investment Activities

At this stage there are no known significant negative effects surrounding the Council’s planned Commercial Investment activities.



## Statement of Cost of Activities

### Finance and Information Services

For the Year Ended 30 June 2008

Actual 30-Jun-07 \$		Note	Actual 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Variance \$
	<b>EXPENDITURE</b>				
3,517,243	Operating costs		3,465,270	4,261,866	796,596
815,220	Depreciation		574,852	—	(574,852)
<u>4,332,463</u>	<b>GROSS COST OF SERVICES</b>		<u>4,040,122</u>	<u>4,261,866</u>	<u>221,744</u>
(4,332,463)	Overhead allocated to functional departments		(4,040,122)	(4,261,866)	(221,744)
<u>—</u>			<u>—</u>	<u>—</u>	<u>—</u>
	<b>LESS REVENUE</b>				
1,938,192	Dividends	1	4,331,088	1,595,664	(2,735,424)
2,590,201	Interest		2,768,239	2,343,861	(424,378)
9,911	Sundry fees		21,248	9,000	(12,248)
—	Gain/(loss) on changes in fair value	2	(389,688)	—	389,688
<u>4,538,304</u>	<b>NET INCOME INCLUDED IN THE STATEMENT OF FINANCIAL PERFORMANCE</b>		<u>6,730,886</u>	<u>3,948,525</u>	<u>(2,782,361)</u>
274,835	<b>CAPITAL EXPENDITURE</b>		63,296	2,149,386	2,086,090

Variance compared to Annual Plan:

#### Revenue

- Dividend revenue includes a special dividend of \$2.3 million received from Northland Port Corporation (NZ) Ltd. The dividend is a result of the sale of the Port's interest in the Marsden Cove waterway and marina joint venture. As the dividend was generated from the sale of assets, this dividend has been set aside for future capital investment.
- Fair value movement on Financial Assets. These fair value adjustments do not represent additional cash expenditure by the Council.

## *Levels of Service*

# Finance and Information Services

## Finance and Information Services Overview

The Council and Environment Waikato spearheaded a project to develop a system dubbed 'IRIS' – the Integrated Regional Information System - to process the environmental monitoring, regulatory and administrative work of regional councils. A further eight regional councils expressed an interest and undertook a selection process for a preferred vendor.

The collaborative project offers a number of benefits to both regional councils and ratepayers with economic efficiencies, both in terms of the initial development and start-up costs and ongoing expenses, and the sharing of ideas and solutions across councils. The project will take another 9 -12 months to develop, with Council aiming to be using the system in 2010.







# *Financial Statements*

**Consolidated Statement of Financial Performance 72**

**Consolidated Statement of Changes in Equity 73**

**Consolidated Statement of Financial Position 74**

**Consolidated Statement of Cash Flows 76**

**Reconciliation of Net Surplus to the Cash Flows from Operations 77**

**Statement of Accounting Policies 78**

**Notes to the Financial Statements 90**



# Consolidated Statement of Financial Performance

For the Year Ended 30 June 2008

	Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
<b>INCOME</b>						
Revenue from activities	4	3,922,970	2,993,286	3,814,406	6,066,262	5,694,725
Rates revenue	2	8,817,468	8,633,097	7,811,320	8,817,468	7,811,320
Other revenue	4	9,785,738	8,284,453	6,747,787	9,472,039	13,154,804
Other gains	5	2,192,426	586,891	6,985,249	9,368,041	7,237,790
<b>TOTAL OPERATING REVENUE</b>	<b>1</b>	<b>24,718,602</b>	<b>20,497,727</b>	<b>25,358,762</b>	<b>33,723,810</b>	<b>33,898,639</b>
<b>EXPENDITURE</b>						
Personnel costs	6	7,219,504	7,437,731	6,957,198	8,344,507	7,956,325
Depreciation and amortisation	19	1,013,971	1,204,750	1,283,226	1,145,331	1,482,833
Finance costs	3	25	814,081	—	59,760	560,449
Other expenditure on activities	1	10,245,520	22,713,692	9,712,596	14,159,121	14,020,917
Other expenses	7	—	—	384,800	—	384,800
<b>TOTAL OPERATING EXPENSES</b>		<b>18,479,020</b>	<b>32,170,254</b>	<b>18,337,820</b>	<b>23,708,719</b>	<b>24,405,324</b>
<b>NET SURPLUS (DEFICIT) FROM OPERATIONS</b>		<b>6,239,582</b>	<b>(11,672,527)</b>	<b>7,020,942</b>	<b>10,015,091</b>	<b>9,493,315</b>
Plus Northland Port Corporation (NZ) Limited's share of associates' retained surplus (loss)					969,506	4,216,172
<b>TOTAL SURPLUS (DEFICIT) BEFORE TAXATION</b>		<b>6,239,582</b>	<b>(11,672,527)</b>	<b>7,020,942</b>	<b>10,984,597</b>	<b>13,709,487</b>
Less tax expense	9	(252,367)	—	—	428,477	(120,279)
<b>NET SURPLUS (DEFICIT) AFTER TAXATION</b>		<b>5,987,215</b>	<b>(11,672,527)</b>	<b>7,020,942</b>	<b>10,556,120</b>	<b>13,829,766</b>
<b>Attributable to:</b>						
Northland Regional Council					5,776,123	9,392,262
Minority interests in surplus of Northland Port Corporation (NZ) Limited					4,779,998	4,437,503
					<b>10,556,120</b>	<b>13,829,766</b>

## Understanding the Council's reported Net Surplus

The Net Surplus of \$5.97 million includes yet to be spent Regional Recreational Facilities rate funds of \$1.8 million, special dividend generated from asset sales (net of tax) of \$2 million and unbudgeted fair value gains of \$1.4 million. If these non-operating items are removed, the actual net operating surplus is \$681,682 against a budgeted surplus of \$1,129,368.

## Major Variances compared to the Annual Plan:

### Revenue Variances:

- Revenue from activities is greater than budget due to: Increased subsidy revenue and additional fees and charges.
- Other revenue is greater than budget due to: Special dividend received from the Northland Port Corporation (NZ) Ltd of \$2.4 million, this dividend has been set aside for future capital investment.
- Other gains revenue is greater than budget due to: Gain on sale on investments of \$172,000 and net fair value increase in value of assets and investments of \$2 million.

### Expenditure Variances:

- Other expenditure on activities is less than budget due to: A delay in the commencement of the construction of the Regional Events Centre. The 2007-2008 Annual Plan included \$13.3 million for the Regional Event Centre and related costs. All unexpended revenue from the Regional Recreational Facilities rate is set aside in the Recreational Facilities rate reserve, refer to note 9.

The Financial Statements should be read in conjunction with the Accounting Policies and Notes

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2008

	Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Balance at 1 July 2007		117,674,468	114,425,886	114,316,916	262,957,257	229,531,375
Property, plant and equipment						
Revaluation gains/ (losses) taken directly to equity	10	474,323	-	1,090,317	474,323	1,090,317
Financial assets at fair value through equity						
Valuation gains/ (losses) taken to equity		-	-	-	53,518	24,117,441
Reserve movement		3,532,605	-	(1,221,102)	(487,043)	(1,221,102)
Net income/ (expense) recognised directly in equity		121,681,396	114,425,886	114,186,131	262,891,019	253,518,031
Surplus/ (deficit) for the year		5,987,215	(11,672,527)	7,020,942	10,556,120	13,829,766
Total recognised income/ (expense) for the year ended 30 June		127,668,611	102,753,359	121,207,073	273,447,139	267,347,796
Attributable to:						
Northland Regional Council		127,668,611	102,753,359	121,207,073	199,660,957	194,344,015
Minority interest		-	-	-	73,786,182	73,003,781
Balance at 30 June 2008		127,668,611	102,753,359	121,207,073	273,447,139	267,347,796

The Financial Statements should be read in conjunction with the Accounting Policies and Notes

# Consolidated Statement of Financial Position

As at 30 June 2008

	Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
<b>EQUITY</b>						
Accumulated funds	10	117,979,912	99,707,506	115,525,302	135,842,580	134,456,997
Asset revaluation reserve	10	474,323	—	—	54,462,179	54,015,917
Special reserves	10	9,214,376	3,045,853	5,681,771	9,356,198	5,871,101
Total equity attributable to Northland Regional Council		127,668,611	102,753,359	121,207,073	199,660,957	194,344,015
Minority interests in subsidiary companies		—	—	—	73,786,182	73,003,781
<b>TOTAL EQUITY</b>		<b>127,668,611</b>	<b>102,753,359</b>	<b>121,207,073</b>	<b>273,447,139</b>	<b>267,347,796</b>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	10,789,158	7,678,034	10,480,085	11,532,989	18,152,250
Trade and other receivables	11	3,202,954	3,834,780	2,366,851	4,328,661	2,889,054
Inventories	12	179,042	130,962	138,994	179,042	138,994
Non-current assets held for sale	13	8,875,185	—	2,841,000	8,875,185	2,841,000
Other financial assets	14	13,833,219	—	8,055,132	27,358,842	9,989,977
Tax refundable		—	—	—	152,301	31,085
Derivative financial instruments	15	—	—	—	—	54,000
<b>Total current assets</b>		<b>36,879,557</b>	<b>11,643,776</b>	<b>23,882,062</b>	<b>52,427,019</b>	<b>34,096,360</b>
<b>Non-current assets</b>						
Investment property	16	46,099,000	49,502,591	46,091,001	46,099,000	46,091,001
Investments in subsidiaries and associates	17	20,197,673	20,645,112	20,197,673	43,541,982	46,730,322
Other investments	18	9,060,409	15,193,924	13,950,097	20,418,484	34,807,576
Property, plant and equipment	19	18,274,506	19,351,398	18,496,511	114,939,493	114,369,785
Intangible assets	20	333,648	1,294,592	491,538	334,011	492,794
Biological assets	21	1,366,200	1,247,198	1,690,483	1,366,200	1,690,483
Capital projects in progress	19	9,632	—	354,858	9,632	354,858
Deferred taxation asset	9	—	—	—	79,308	47,741
<b>Total non-current assets</b>		<b>95,341,067</b>	<b>107,234,815</b>	<b>101,272,162</b>	<b>226,788,109</b>	<b>244,584,561</b>
<b>TOTAL ASSETS</b>		<b>132,220,625</b>	<b>118,878,591</b>	<b>125,154,224</b>	<b>279,215,129</b>	<b>278,680,921</b>

The Financial Statements should be read in conjunction with the Accounting Policies and Notes

# Consolidated Statement of Financial Position continued

As at 30 June 2008

	Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	22	3,434,406	3,059,247	2,875,854	4,120,881	3,502,616
Provisions	25	—	—	—	151,723	62,959
Borrowings	24	—	506,697	—	274,989	19,727
Deferred tax liability	9	—	—	—	—	—
Employee benefit liabilities	23	1,014,815	867,557	980,053	1,097,960	1,044,240
<b>Total current liabilities</b>		<b>4,449,222</b>	<b>4,433,501</b>	<b>3,855,907</b>	<b>5,645,554</b>	<b>4,629,542</b>
<b>Non-current liabilities</b>						
Employee benefit liabilities	23	102,793	130,364	91,243	102,793	91,243
Provisions non-current	25	—	—	—	—	97,812
Borrowings	24	—	11,561,367	—	19,644	6,514,527
<b>Total non-current liabilities</b>		<b>102,793</b>	<b>11,691,731</b>	<b>91,243</b>	<b>122,437</b>	<b>6,703,582</b>
<b>TOTAL LIABILITIES</b>		<b>4,552,015</b>	<b>16,125,232</b>	<b>3,947,150</b>	<b>5,767,991</b>	<b>11,333,124</b>
<b>NET ASSETS</b>		<b>127,668,611</b>	<b>102,753,359</b>	<b>121,207,074</b>	<b>273,447,138</b>	<b>267,347,797</b>

Major Variances compared to the Annual Plan:

**Assets**

- Investment property and investment property held for sale (non-current assets held for sale) are higher than budget as a result of fair value increases in the value of properties held in the commercial property portfolio.

**Liabilities**

- Borrowings have not been drawn down, due to the delay in the commencement of the Regional Events Centre.

22 October 2008


  
Chairman


  
Chief Executive Officer

The Financial Statements should be read in conjunction with the Accounting Policies and Notes

# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2008

	Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers		6,623,568	6,781,828	7,666,308	9,693,449	11,565,052
Interest received		2,641,654	2,343,861	2,590,201	3,093,504	2,890,666
Interest rate swap closed out		—	—	—	125,700	—
Dividends received	4	4,331,088	1,595,664	1,938,192	2,328,942	2,173,550
Receipts from rates revenue		7,302,342	8,633,097	7,811,320	7,302,342	7,811,320
Subsidies and grants received		528,209	556,386	642,474	845,209	959,474
Taxation refund		—	—	—	123,830	262,026
Payments to suppliers and employees/members		(17,102,742)	(30,151,423)	(15,829,940)	(22,076,245)	(21,557,219)
Interest paid		(25)	(814,081)	—	(114,116)	(535,523)
Income tax paid		(252,367)	—	—	(366,342)	(35,850)
Net goods and services tax received (paid) <sup>1</sup>		76,057	—	—	70,903	4,834
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4,147,785</b>	<b>(11,054,668)</b>	<b>4,818,555</b>	<b>1,027,177</b>	<b>3,538,330</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipt from sale of property, plant and equipment		266,559	146,000	—	368,119	29,754
Receipt from sale of property held for sale		2,624,642	1,960,000	—	2,624,642	—
Proceeds from sale of investment property		—	2,540,000	—	1,164,630	897,446
Receipt from the sale of investment stocks and bonds		4,889,688	—	—	4,889,688	—
Advances repaid		—	—	—	2,099,950	9,448,514
Purchase of property, plant and equipment		(189,305)	(2,911,350)	(1,767,809)	(1,122,480)	(2,761,965)
Sale of investment in associate company		—	—	—	9,936,289	—
Advances		—	—	—	(6,000,000)	(49,950)
Purchase of investment property		(5,652,209)	—	—	(5,652,209)	—
Purchase of investment stocks and bonds		(5,778,087)	—	—	(5,778,087)	—
Other investing activity		—	(10,000,000)	(333,200)	—	(333,250)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(3,838,712)</b>	<b>(8,265,350)</b>	<b>(2,101,009)</b>	<b>2,530,542</b>	<b>7,230,549</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds received from ASB facility		—	—	—	—	1,000,000
Dividends paid		—	12,000,000	—	(3,929,042)	—
Repayments made to ASB facility		—	—	—	(6,250,000)	(1,757,129)
Proceeds from borrowings		—	—	—	23,504	—
Settlement of borrowings		—	—	—	(21,442)	(38,011)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>—</b>	<b>12,000,000</b>	<b>—</b>	<b>(10,176,980)</b>	<b>(795,140)</b>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS</b>		<b>309,073</b>	<b>(7,320,018)</b>	<b>2,717,547</b>	<b>(6,619,261)</b>	<b>9,973,739</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		10,480,085	14,998,052	7,762,538	18,152,250	8,178,511
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR</b>		<b>10,789,158</b>	<b>7,678,034</b>	<b>10,480,085</b>	<b>11,532,989</b>	<b>18,152,250</b>

<sup>1</sup> The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The Financial Statements should be read in conjunction with the Accounting Policies and Notes

# Reconciliation of Net Surplus to the Cash Flows from Operations

For the Year Ended 30 June 2008

	Note	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Net Surplus after Taxation		5,987,215	7,020,942	10,556,120	13,829,766
<b>Add (less) non-cash items</b>					
Depreciation and amortisation	19	1,013,971	1,283,226	1,145,331	1,482,833
Taxation charged to the profit and loss		—	—	9,290	—
Doubtful/bad debts		—	90,809	—	90,809
Employee entitlements (sick leave)		—	5,253	—	5,253
Deferred taxation		—	—	(31,567)	74,556
Share of associate companies' retained surplus		—	—	389,473	(6,317,420)
Gain/(loss) on sale of associate company interest		—	—	(7,651,739)	—
Imputed interest income		—	—	(374,585)	(1,149,316)
Other fair value adjustments		(2,019,784)	—	(1,871,058)	—
Loss on Local Government Stocks		—	384,800	—	384,800
Other non-cash items		11,550	(6,879,093)	(26,292)	(6,997,450)
		<b>(994,263)</b>	<b>(5,115,005)</b>	<b>(8,411,147)</b>	<b>(12,425,935)</b>
<b>Movements in Working Capital</b>					
Decrease (increase) in trade and other receivables		(836,101)	2,274,983	(1,449,006)	2,355,291
Decrease (increase) in inventories		(40,048)	(8,032)	(40,048)	(8,032)
Decrease (increase) in non-current assets held for sale		(6,034,185)	—	(6,034,185)	—
Decrease (increase) in other financial assets		(5,778,087)	—	(5,778,087)	—
(Decrease) increase in tax losses carried forward		—	—	—	(2,730)
(Decrease) increase in trade and other payables		558,549	598,176	618,262	747,653
(Decrease) increase in provision for taxation		—	—	(121,104)	24,789
(Decrease) increase in provisions		—	—	88,764	(407,919)
(Decrease) Increase in employee benefit liabilities		34,763	47,491	53,721	72,558
		<b>(12,095,109)</b>	<b>2,912,618</b>	<b>(12,661,683)</b>	<b>2,781,610</b>
<b>Movements in Other Activities</b>					
Realised (gains)/loss on sale of assets/investments	5, 7	(172,642)	384,800	(166,493)	384,800
Transfer of investment property to property held for sale		4,094,975	—	4,094,975	—
Purchase of non-current assets held for sale		4,796,185	—	4,796,185	—
FV adjustment on property held for sale		(404,975)	—	(404,975)	—
Non-current assets sold during the year		(2,452,000)	—	(2,452,000)	—
Movement in stocks and bonds		5,778,087	—	5,778,087	—
Loss on Local Government Stocks		(389,688)	—	(389,688)	—
Movement in non-current accrued expenses		—	—	(97,812)	(20,451)
Interest rate swaps closed out		—	—	125,700	—
(Premiums)/discounts on Local Government Stock		—	—	205,627	(126,567)
Investment income reinvested		—	—	38,527	(430,606)
Non-operating capital items included in working capital movements		—	(384,800)	15,753	(454,287)
		<b>11,249,942</b>	<b>—</b>	<b>11,543,886</b>	<b>(647,111)</b>
<b>Net Cash Flows from Operating Activities</b>		<b>4,147,785</b>	<b>4,818,555</b>	<b>1,027,177</b>	<b>3,538,331</b>

The Financial Statements should be read in conjunction with the Accounting Policies and Notes



# Statement of Accounting Policies

For the Year Ended 30 June 2008

## REPORTING ENTITY

The 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 entities, namely:

1. Northland Port Corporation (NZ) Ltd (52.4% owned) and its subsidiaries.
2. Northland Regional Council Community Trust (100% owned) and its subsidiaries.

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, rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements are for the year ended 30 June 2008. The financial statements were authorised for issue by Council on 22 October 2008.

## BASIS OF PREPARATION

The 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 financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

### Measurement base

The financial statements have been prepared on a 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 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 Financial Performance, except when deferred in equity as qualifying cash flow hedges.

### Changes in accounting policies

With the exception of the initial application of the NZ IAS 2 *Inventories* (NZ IAS 2) amendment, as explained below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In November 2007, the Accounting Standards Review Board approved an amendment to NZ IAS 2, which requires public benefit entities to measure inventory held for distribution at costs, adjusted when applicable for any loss of service potential. Prior to the amendment, public benefit entities were required to measure inventories held for distribution at the lower of cost and current replacement cost.

Application of the amendment is mandatory for reporting periods beginning on, or after, 1 January 2008. Northland Regional Council has elected to adopt the amended NZ IAS 2 early in accordance with its transitional provisions. No adjustment was necessary, as the value of inventory as at 30 June 2007 was valued at cost.

### Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective have not been early adopted, and which are relevant to the Northland Regional Council include:

- **NZ IAS 1** *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements* (issued 2004) and is effective for reporting periods beginning on, or after, 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Northland Regional Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).

The Northland Regional Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide if it will prepare a single statement of

# Statement of Accounting Policies

For the Year Ended 30 June 2008

comprehensive income from a separate income statement followed by a statement of comprehensive income.

- **NZ IAS 23 *Borrowing Costs* (revised 2007)** replaces **NZ IAS 23 *Borrowing Costs*** (issued 2004) and is effective for reporting periods beginning on, or after, 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The Northland Regional Council intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.
- **NZ IFRS 3 *Business Combinations* (revised 2008) and the amended NZ IAS 27 *Consolidated and Separate Financial Statements*** are effective for reporting periods beginning on, or after, 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
  - Partial acquisitions – Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - Step acquisitions – The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
  - Acquisition – related costs – are generally recognised as expenses (rather than included in the cost of acquisition).
  - Contingent consideration – Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRS's, unusually in profit or loss (rather than by adjusting the cost of acquisition).

The Northland Regional Council will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on, or after, 1 July 2009.

## SIGNIFICANT ACCOUNTING POLICIES

### Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant inter-entity balances, transactions, income and expenses are eliminated on consolidation.

Northland Regional Council's investments in its subsidiaries are carried at cost in the Council's own "parent entity" 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 per cent 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 irreversible predetermined by Northland Regional 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.

Any excess of the cost of the business combination over Northland Regional Council interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Northland Regional Council interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial performance.

### Associates

The Northland Regional Council accounts for investments in associates in the group financial statements using the equity method. Associates are all entities over which group entities have the significant influence that generally accompanies an interest of between 20% and 50% of the voting rights, and that are neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Northland Regional Council's share of the surplus or deficit of the associate after the date of acquisition. The Northland Regional Council share of the surplus or deficit of the associate is recognised in the Statement of Financial Performance. Distributions received from an associate reduce the carrying amount of the investment.

# Statement of Accounting Policies

For the Year Ended 30 June 2008

If the Northland Regional Council share of deficits of an associate equals or exceeds its interest in the associate, the Northland Regional Council discontinues recognising its share of further deficits. After the Northland Regional Council interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Northland Regional Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Northland Regional Council will resume recognising its share of those surpluses only after its share of surpluses equals the share of deficits not recognised.

Where the Northland Regional Council transacts with an associate, surplus or deficits are eliminated to the extent of the Northland Regional Council's interest in the relevant associate.

The Northland Regional Council investments in associates are carried at cost in the Council's own "parent entity" 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. Northland Port Corporation is party to several joint venture arrangements. For these jointly controlled operations Northland Regional Council recognises in its financial statements the group's share of the assets, liabilities, revenues and expenses using the proportional consolidation method.

## Revenue

Revenue and expenditure are measured at the fair value of the consideration received or paid.

### *Rates revenue*

Rates are set annually by a resolution from 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.

### *Other revenue*

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.

Government grants and subsidies are recognised as revenue when the primary conditions of entitlement have been met.

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 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 Northland Regional Council are recognised as revenue when control over the asset is obtained.

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 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 from investment property is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease. Lease incentives are recognised as part of the total rental income.

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.

## *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 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 statement of financial performance.

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 stated at the aggregate of contract costs incurred, to date, plus recognised profits less recognised losses and progress billings. If there are

# Statement of Accounting Policies

For the Year Ended 30 June 2008

contracts in which progress billings exceed the aggregate costs incurred, plus profits less losses, the net amounts are presented under other liabilities.

## Expenditure

Expenditure is recognised when goods and services have been received.

### *Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that these arise on the acquisition, construction or production of qualifying assets. In that case, borrowing costs will 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 Northland Regional 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 Northland Regional Council's decision.

### *Income Tax*

The income tax expense charged to the consolidated Statement of Financial Performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible expenses.

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 that have been enacted or substantially 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 profit.

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 profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Financial Performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

There are two entities within the group that are exempt from income tax, being Destination Northland Limited and Enterprises Northland Trust. These entities both form part of the Northland Regional Council Community Trust group.

## 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, the Northland Regional Council recognises finance leases 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. Any additional direct costs of the lessee are added to the amount recognised as an asset.

The finance charge is charged to the statement of financial performance 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.



# Statement of Accounting Policies

For the Year Ended 30 June 2008

## 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

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## Financial Assets

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss, in which case the transaction costs are recognised in the Statement of Financial Performance.

Purchases and sales of investments 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 significantly all the risks and rewards of ownership.

The Northland Regional Council classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and financial at fair value through equity. The classification depends on the purpose for which the investments were required, policies and practices of management, the relationship with other instruments and the reporting costs and benefits of each designation. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used is the current bid price.

The four categories of financial assets are:

- **Financial assets at fair value through profit and loss**  
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for

trading or are expected to be realised within 12 months of the Statement of Financial Position date.

After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the Statement of Financial Performance.

Financial assets in this category include investment in quoted shares and interest rate swaps not qualifying as hedges by Northland Port Corporation (NZ) Limited, and investment in quoted shares by way of a managed fund which was designated at fair value through profit or loss at inception by the Northland Regional Council Community Trust.

- **Loans and receivables**

These 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. 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 statement of financial performance. 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 statement of financial performance.

- **Financial assets at fair value through equity**

Financial assets at fair value through equity are those that are designated as fair value through equity 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.

# Statement of Accounting Policies

For the Year Ended 30 June 2008

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 NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates), whereas this category is to be measured at fair value.

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 Statement of Financial Performance.

On derecognition, the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

Included in this category are the Council's investments in Local Authority stocks. Fair value for these investments is provided by First NZ Capital Securities Ltd 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 Statement of Financial Performance.

### – Loans and other receivables

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 Statement of Financial Performance. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community

loans, impairment losses are recognised directly against the instrument's carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans are established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument.

Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

## Derivative financial instruments and hedging activities

The Council's subsidiary, Northland Port Corporation (NZ) Limited, uses derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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 group designates 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 probable forecast transactions (cash flow hedge).

At the inception of a designated hedge transaction, the group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the transaction. It 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 hedging derivatives is classified as a non-current 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.

### – 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 Statement of Financial Performance.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method



# Statement of Accounting Policies

For the Year Ended 30 June 2008

is used is amortised to profit and loss 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 directly in equity through the statement of changes in equity, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the Statement of Financial Performance as part of “gains” or “other expenses”.

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 in equity will be reclassified into profit or loss in the same period or periods during which the asset acquired, or liability assumed, affects profit or loss. However, if the Council expects that all, or a portion of a loss, recognised directly in equity will not be recovered in one or more future periods, it will classify into profit or loss the amount that is not expected to be recovered.

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 directly in equity 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 that remains recognised directly in equity from the period when the hedge was effective will remain separately recognised in equity 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 directly in equity from the period when the hedge was effective will be recognised in the Statement of Financial Performance.

For cash flow hedges other than those covered above, amounts that had been recognised directly in equity will be recognised in profit or loss in the same period during which the hedged forecast transaction affects profit or loss (for example, when a forecast sale occurs).

## 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 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 Statement of Financial Performance in the period of the write-down.

## 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 Statement of Financial Performance.

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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## 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, including stop-banks and floodgates.

**Restricted Assets** – There are no restrictions on the assets of the Northland Regional Council or the Northland Regional Council Community Trust. There are no restrictions on the assets of the Northland Port Corporation (NZ) Ltd.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

## Revaluation

The Northland Regional Council and the Northland Regional Council Community Trust revalue the land and buildings' asset class annually, on the basis described below. All other asset classes are carried at depreciated historical costs. Northland Port Corporation (NZ) Limited revalues certain classes of asset. Revaluations of property, plant and equipment are accounted for on a class of asset

# Statement of Accounting Policies

For the Year Ended 30 June 2008

basis. Those asset classes that are revalued are valued annually, on the basis described below. All other asset classes are carried at depreciated historical cost.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

## 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 proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	5-100 years	1-20%
Amenities	5-100 years	1-20%
Forest (Strategic Management Plan)	10 years	10%
Plant and Equipment	2 – 20 years	5-50%
Navigational Aids	10 years	10%
Vehicles	4-5 years	20-25%
Vessels and Dredging Equipment	10-25 years	4-10%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

## Operational land and buildings

The freehold port land (excluding land held for resale) owned by Northland Port Corporation (NZ) Limited is revalued annually at fair value, as determined by market-based evidence, by an independent valuer.

Amenities owned by Northland Port Corporation (NZ) Limited are not revalued but recorded at a cost which, in the opinion of the directors, approximates fair value.

Land and buildings held by the Northland Regional Council and the Northland Regional Council Community Trust are revalued annually at fair value, as determined by market-based evidence, by an independent valuer.

## 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 the Northland Regional Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense, when incurred.

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 statement of financial performance.

The useful lives' associated amortisation rates have been estimated as follows:

Computer software	4 years	48% DV
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## Capital Projects in Progress:

Capital expenditure projects not completed by balance date are recorded at cost.

## 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 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

# Statement of Accounting Policies

For the Year Ended 30 June 2008

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 revalued 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 Statement of Financial Performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Financial Performance.

The reversal of an impairment loss on a revalued 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 Statement of Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the Statement of Financial Performance.

## Biological assets

Forestry assets are independently revalued, 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.

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 Statement of Financial Performance.

The costs to maintain the biological assets are included as an expense in the Statement of Financial Performance.

## 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 Statement of Financial Performance.

## 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.

# Statement of Accounting Policies

For the Year Ended 30 June 2008

Council recognises that a liability and an expense are recognised 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.

## **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 not recognised for future operating losses.

Where material, provisions are recorded at the best estimate of the expenditure required to settle the obligation. Provisions to be settled beyond 12 months are recorded at their present value.

## **Equity**

Equity is the community's interest in the 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, and
- asset revaluation reserves.

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 Northland Regional Council.

Restricted reserves include the Land Management Rate Reserve, Recreational Facilities Rate Reserve, Awanui River Management Rate Reserve and the Kaihu River Management Rate 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 financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it 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.

## **Northland Port Corporation (NZ) Limited**

The Northland Regional Council owns 22,795,201 25c shares, being 52.4% of the issued capital of the Northland Port Corporation (NZ) Limited. The shares are recorded at \$8,058,150.25, 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. 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.

## **Budget figures**

The budget figures are those approved by the Council at the beginning of the year in the Long Term Council Community Plan or Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the 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 operating activities using a weighted average percentage, based on the gross labour costs, number of staff, gross expenditure, revenues and working capital deployed.



# Statement of Accounting Policies

For the Year Ended 30 June 2008

## Financial Risk Management Objectives and Policies

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. The Northland Regional Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The Group's principal financial instruments comprise the investment portfolio, finance leases and cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. The main risk arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

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

The Northland Regional Council and Northland Regional Council Community Trust have policies to manage the risk associated with financial instruments. They are both risk averse and seek to minimise exposure from their treasury activities. The Northland Regional Council and Northland Regional Council Community Trust have established Borrowing and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

## Market Risk

### *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. The Northland Regional Council's and Northland Regional Council Community Trust's exposure to fair value interest rate risk is limited to interest-bearing investments within the portfolio.

Northland Port Corporation (NZ) Ltd has risk from its long-term debt obligations with a floating interest rate. To mitigate this risk, derivative interest rate swap contracts are periodically entered into under which the company is obligated to receive interest at floating rates and to pay interest at fixed rates.

### *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 exposure the Northland Regional Council and Northland Regional Council Community Trust to cash flow interest rate risk.

The policies of the Northland Regional Council and Northland Regional Council Community Trust 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. The Northland Regional Council Community Trust has exposure to foreign exchange risk as a result of the transactions denominated in foreign currencies, arising from normal trading conditions and overseas investments within the investment portfolio. A 1% movement in the exchange rate will expose the Trust to an approximate change in value of the portfolio of \$56,486.

Northland Port Corporation (NZ) Ltd foreign exchange risk is typically managed through the use of forward foreign exchange contracts.

## *Credit Risk*

Credit risk is the risk that a third party will default on its obligation to the Northland Regional Council Community Trust causing the Trust to incur a loss.

The Trust's maximum credit exposure relates to investments within the investment portfolio. The portfolio is managed very conservatively regarding credit risk, in accordance with the Goldman Sachs JB Were revised Statement of Investment Policies and Objectives (SIPO) and, in particular, paragraph 6.6 of the SIPO, which states "All fixed interest investments must be invested within limits that have been divided into exposures against individual investors and then a total exposure against the credit rating". Limiting exposures against both individual investors and credit rates provides a platform to ensure adequate liquidity within the portfolio.

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 Poors 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.

Northland Port Corporation (NZ) Ltd manages its credit exposure 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.

# Statement of Accounting Policies

For the Year Ended 30 June 2008

## **Liquidity Risk**

Liquidity risk is the risk that the Northland Regional Council and Northland Regional Council Community Trust 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. Ratepayer's 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 utilising 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 Council Community Plan (LTCCP) and in its 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 the Council's LTCCP.

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.

## **Critical accounting estimates and assumptions**

In preparing these financial statements estimates, assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. 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.



# Notes to the Financial Statements

For the Year Ended 30 June 2008

<b>Note 1</b>	<b>Summary of Council Cost of Services</b>	<b>91</b>	<b>Note 18</b>	<b>Other Investments</b>	<b>102</b>
<b>Note 2</b>	<b>Rates Revenue</b>	<b>92</b>	<b>Note 19</b>	<b>Property, Plant and Equipment</b>	<b>103</b>
<b>Note 3</b>	<b>Finance Income and Finance Costs</b>	<b>92</b>	<b>Note 20</b>	<b>Intangible Assets</b>	<b>109</b>
<b>Note 4</b>	<b>Revenue from Activities and Other Revenue</b>	<b>93</b>	<b>Note 21</b>	<b>Biological Assets</b>	<b>109</b>
<b>Note 5</b>	<b>Other Revenues and Gains/(losses)</b>	<b>93</b>	<b>Note 22</b>	<b>Trade and Other Payables</b>	<b>110</b>
<b>Note 6</b>	<b>Personnel Costs</b>	<b>94</b>	<b>Note 23</b>	<b>Employee Benefit Liabilities</b>	<b>110</b>
<b>Note 7</b>	<b>Other Expenses</b>	<b>94</b>	<b>Note 24</b>	<b>Borrowings</b>	<b>111</b>
<b>Note 8</b>	<b>Cash and Cash Equivalents</b>	<b>94</b>	<b>Note 25</b>	<b>Provisions</b>	<b>112</b>
<b>Note 9</b>	<b>Taxation</b>	<b>95</b>	<b>Note 26</b>	<b>Joint Venture</b>	<b>112</b>
<b>Note 10</b>	<b>Equity</b>	<b>96</b>	<b>Note 27</b>	<b>Capital Commitments and Operating Leases</b>	<b>113</b>
<b>Note 11</b>	<b>Trade and Other Receivables</b>	<b>97</b>	<b>Note 28</b>	<b>Contingent Liabilities</b>	<b>113</b>
<b>Note 12</b>	<b>Inventories</b>	<b>98</b>	<b>Note 29</b>	<b>Related Party Transactions</b>	<b>114</b>
<b>Note 13</b>	<b>Non-current Assets held for Sale</b>	<b>98</b>	<b>Note 30</b>	<b>Remuneration</b>	<b>115</b>
<b>Note 14</b>	<b>Other Financial Assets</b>	<b>99</b>	<b>Note 31</b>	<b>Severance Payments</b>	<b>116</b>
<b>Note 15</b>	<b>Derivative Financial Instruments</b>	<b>100</b>	<b>Note 32</b>	<b>Events after Balance Sheet Date</b>	<b>116</b>
<b>Note 16</b>	<b>Investment Property</b>	<b>100</b>	<b>Note 33</b>	<b>Segment Reporting</b>	<b>116</b>
<b>Note 17</b>	<b>Investments in Subsidiaries and Associates</b>	<b>101</b>	<b>Note 34</b>	<b>Financial Instruments</b>	<b>116</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 1: Summary of Council Cost of Services

	Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
<b>Income</b>						
Consents		1,045,034	1,023,945	1,080,460		
Environmental Monitoring		2,604,191	2,514,600	2,392,414		
Land Operations		3,635,273	3,572,668	3,191,972		
Council and Strategic Development		8,340,473	7,364,094	12,089,167		
Financial and Information Services		6,730,886	3,948,525	4,538,304		
<b>Total Income</b>		<b>24,718,602</b>	<b>20,497,728</b>	<b>25,358,762</b>		
<b>Expenditure</b>						
Planning and Policy		2,907,167	3,154,810	2,874,588		
Consents		1,752,913	1,997,485	1,814,190		
Environmental Monitoring		5,463,084	5,577,951	5,544,150		
Land Operations		5,536,101	5,146,064	5,029,326		
Council and Strategic Development		2,819,754	16,293,944	3,075,566		
Financial and Information Services		—	—	—		
<b>Total Operating Expenditure</b>		<b>18,479,020</b>	<b>32,170,254</b>	<b>18,337,820</b>		
<b>Operating Expenditure disclosed as:</b>						
Personnel costs	6	7,219,504	7,437,731	6,957,198	8,344,507	7,956,325
Depreciation and amortisation	19	1,013,971	1,204,750	1,283,226	1,145,331	1,482,833
Finance costs	3	25	814,081	—	59,760	560,449
Other expenditure on activities		10,245,520	22,713,692	9,712,596	14,159,121	14,020,917
Other expenses	7	—	—	384,800	—	384,800
		<b>18,479,020</b>	<b>32,170,254</b>	<b>18,337,820</b>	<b>23,708,719</b>	<b>24,405,324</b>
<b>Operating expenditure includes:</b>						
Audit fees paid to principal auditor:						
— Audit fees for financial statement audit		95,146		69,424	223,950	160,068
— Audit fees for Long Term Council Community Plan audit		—		25,500	—	25,500
— Audit fees for NZ IFRS transition		7,800		7,800	7,800	7,800
— Fees for other services <sup>1</sup>		2,240		—	44,452	3,256
Audit fees paid to other auditors		—		—	4,950	3,150
Directors'/Councillors' fees and Trustee remuneration		418,138		457,888	565,879	607,888
Donations		—		—	200	—
Insurance premiums		172,431		143,018	172,431	—
Interest expenses		25		209	59,760	560,658
Lease payments		—		—	248,580	361,968
Onerous lease provisions		—		—	—	7,723
Bad debts written off		1,261		43,981	1,261	43,981
Rates arrears written off		115,204		46,828	115,204	46,828
Severance payments		12,655		5,264	12,655	5,264
Direct operating expenditure on investment properties		13,744		39,973	13,744	39,973

<sup>1</sup> During the period Audit New Zealand provided assurance services to the Council relating to the procurement process for the Integrated Regional Information System (IRIS) project.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 2: Rates Revenue

Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Environmental rate	3,698,927	3,685,023	3,322,564	3,698,927	3,322,564
Land Management rate	2,725,866	2,775,105	2,411,712	2,725,866	2,411,712
Regional Recreational Facilities rate	1,670,068	1,681,906	1,657,044	1,670,068	1,657,044
Awanui River Flood Management rate	456,733	420,000	420,000	456,733	420,000
Kaihu River Flood Management rate	60,249	71,063	—	60,249	—
Rates penalties	205,626	—	—	205,626	—
<b>Total revenue from rates</b>	<b>8,817,468</b>	<b>8,633,097</b>	<b>7,811,320</b>	<b>8,817,468</b>	<b>7,811,320</b>

### Rates remissions and postponements

Disclosure pursuant to Sections 86, 89 of Local Government (Rating) Act 2002: Rates revenue is shown as net of rates remissions and postponements. The Northland Regional Council's rates remission policy allows it to remit or postpone rates as per the Rates Remission Policy of the Territorial Authorities who collect Northland Regional Council's rates on its behalf.

<b>Total rates revenue</b>	<b>8,967,139</b>	<b>8,633,097</b>	<b>7,916,381</b>	<b>8,967,139</b>	<b>7,916,381</b>
<b>Rates remissions</b>					
Kaipara	4,892	—	—	4,892	—
Whangarei	5,346	—	1,908	5,346	1,908
Far North	121,686	—	103,153	121,686	103,153
<b>Rates postponements</b>					
Kaipara	—	—	—	—	—
Whangarei	17,746	—	—	17,746	—
Far North	—	—	—	—	—
<b>Total remissions and postponements</b>	<b>149,671</b>	<b>—</b>	<b>105,061</b>	<b>149,671</b>	<b>105,061</b>
<b>Rates revenue net of remissions and postponements</b>	<b>8,817,468</b>	<b>8,633,097</b>	<b>7,811,320</b>	<b>8,817,468</b>	<b>7,811,320</b>

## Note 3: Finance Income and Finance Costs

### Finance Income

#### Interest income:

— term and bank deposits	1,651,415	2,343,861	1,401,305	2,464,917	1,415,811
— investment stock and bonds	1,096,928	—	1,164,762	1,096,928	1,164,762
— other	19,896	—	24,134	394,481	1,173,450
<b>Total Finance Income</b>	<b>2,768,239</b>	<b>2,343,861</b>	<b>2,590,201</b>	<b>3,956,326</b>	<b>3,754,023</b>

### Finance Costs

#### Interest expense:

— interest on bank borrowings	25	814,081	—	59,760	560,449
<b>Total Finance Costs</b>	<b>25</b>	<b>814,081</b>	<b>—</b>	<b>59,760</b>	<b>560,449</b>
<b>Net Finance Costs</b>	<b>2,768,214</b>	<b>1,529,780</b>	<b>2,590,201</b>	<b>3,896,566</b>	<b>3,193,574</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 4: Revenue from Activities and Other Revenue

Note

	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Grants and subsidies*	528,209	556,386	642,474	528,209	642,474
<b>Revenue from Activities</b>	<b>3,922,970</b>	<b>2,993,286</b>	<b>3,814,406</b>	<b>6,066,262</b>	<b>5,694,725</b>
Investment income (rents)	2,686,412	3,224,375	2,219,394	3,072,492	2,599,959
Interest income	2,768,239	2,343,861	2,590,201	3,976,693	2,890,666
Imputed interest income	—	—	—	374,585	1,149,316
Dividend income	4,331,088	1,595,664	1,938,192	4,491,108	2,173,550
Forestry revenue	—	578,053	—	—	—
Sundry income	—	542,500	—	—	—
Northland Port Corporation (NZ) Limited					
— share of joint venture revenues	—	—	—	630,215	1,801,446
— share of Associate Companies' net surplus	—	—	—	(3,361,582)	2,277,979
— other income	—	—	—	72,312	44,888
Northland Regional Council Community Trust					
— unrealised income from equities	—	—	—	217,000	217,000
<b>Other Revenue</b>	<b>9,785,738</b>	<b>8,284,453</b>	<b>6,747,787</b>	<b>9,472,822</b>	<b>13,154,804</b>

<sup>1</sup> Government grants and subsidies are principally from Land Transport New Zealand for passenger services transport and strategy development and from Maritime New Zealand for oil spill preparedness.

## Note 5: Other Revenues and Gains/(Losses)

Note

	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Net gain on disposal of assets and investments, including capital profit	172,642	—	75,517	416,389	177,546
Net gain on disposal of property, plant and equipment	—	—	—	35,650	24,701
Gain/(loss) on changes in fair value of investment property <sup>1</sup> (note 16)	3,246,951	586,891	5,851,249	3,246,951	5,851,249
Gain/(loss) on changes in fair value of non-current assets held for sale (note 13)	(404,975)	—	881,000	(404,975)	881,000
Gain/(loss) on changes in fair value of forestry assets (note 21)	(319,483)	—	177,483	(319,483)	177,483
Gain/(loss) on changes in fair value buildings <sup>2</sup>	(113,021)	—	—	(113,021)	—
Gain/(loss) on changes in fair value of financial derivatives	—	—	—	4,497	47,692
Gain/(loss) on changes in fair value of shares held in Fonterra Co-operative Group Ltd	—	—	—	(153,223)	44,020
Gain/(loss) on changes in fair value of investments	(389,688)	—	—	(1,162,510)	196,934
Gain/(loss) on sale of Associate Company shareholding	—	—	—	7,651,739	—
PIE excluded income	—	—	—	13,267	—
Foreign exchange gains/(losses)	—	—	—	152,760	(162,835)
<b>Total gains/(losses)</b>	<b>2,192,426</b>	<b>586,891</b>	<b>6,985,249</b>	<b>9,368,041</b>	<b>7,237,790</b>

<sup>1</sup> The fair value gains and losses on investment property, non-current assets held for sale and forestry assets arise from the annual revaluation of these investments.

<sup>2</sup> The fair value loss in buildings arises from the annual revaluation of owner occupied buildings. Revaluation movements of property plant and equipment are usually credited or debited to an asset revaluation reserve in the statement of changes in equity, however where no credit balance exists, the movement must be recognised in the statement of financial performance. The revaluation reserves were transferred to accumulated funds as part of the transition to international financial reporting standards, as at 30 June 2005.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 6: Personnel Costs

Employer contributions to defined benefit plans  
Increase/(decrease) in employee benefit liabilities  
Total personnel costs <sup>1</sup>

Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
	39,143	38,567	40,671	39,143	40,671
	46,312	—	5,253	65,270	5,253
	<u>7,219,504</u>	<u>7,437,731</u>	<u>6,957,198</u>	<u>8,344,507</u>	<u>7,956,325</u>

<sup>1</sup> Personnel costs includes salaries, wages, leave and other employee-earned compensation.

## Note 7: Other Expenses

Net loss on sale of assets and investments  
Total Other Expenses

Note	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
	—	—	384,800	—	384,800
	<u>—</u>	<u>—</u>	<u>384,800</u>	<u>—</u>	<u>384,800</u>

## Note 8: Cash and Cash Equivalents

Term deposits with maturities less than 3 months  
Total cash and cash equivalents

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
6,000,000	1,500,000	6,000,000	1,500,000
<u>10,789,158</u>	<u>10,480,085</u>	<u>11,532,989</u>	<u>18,152,250</u>

The carrying value of cash at bank and term deposits, with maturities less than three months, approximate their fair value.

There were no cash or cash equivalent balances held at 30 June 2008 that were not available for use by the group.

The ASB Bank has registered a composite debenture over the assets of Northland Port Corporation (NZ) Limited.

At balance date, the interest on the overdraft for Northland Port Corporation (NZ) Limited was 12.45% (June 2007 - 11.70%).

However, no sum was outstanding.



# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 9: Taxation

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Current tax expense	252,367	—	453,776	(194,835)
Deferred tax expense	—	—	(34,589)	74,556
	<b>252,367</b>	<b>—</b>	<b>419,187</b>	<b>(120,279)</b>
Relationship between tax expense and accounting profit				
Net surplus/(deficit)	—	7,020,942	10,984,597	13,709,487
Dividend income	5,341,562	1,938,192	5,341,562	1,938,192
Surplus/(deficit) before tax	5,341,562	8,959,134	16,326,159	15,647,679
Taxation at 33%	1,762,716	2,956,514	4,757,830	5,803,337
Adjusted for tax effects:				
Tax paid on Associate Companies' earnings	—	—	167,791	(2,026,848)
Non assessable income	—	—	(2,680,077)	(446,757)
Non deductible expenses	—	—	447,055	201,032
Over provision prior year	—	—	—	(698,460)
Imputation credits	(1,010,474)	(2,956,514)	(1,778,959)	(2,952,425)
Unused taxation losses ex Northland Harbour Board (tax effect)	(499,875)	—	—	—
Tax expense	<b>252,367</b>	<b>—</b>	<b>913,640</b>	<b>(120,121)</b>

	Property Plant and Equipment \$	Financial Instruments \$	Employee Entitlements \$	Other Provisions \$	Total \$
Deferred Tax Asset/(Liability)					
Council					
Balance at 1 July 2007	—	—	—	—	—
Charged to Statement of Financial Performance	—	—	—	—	—
Charged to equity	—	—	—	—	—
Balance at 1 July 2007	—	—	—	—	—
Charged to Statement of Financial Performance	—	—	—	—	—
Charged to equity	—	—	—	—	—
Balance at 1 July 2008	—	—	—	—	—
Group					
Balance at 1 July 2007	(14,671)	(24,259)	711	160,516	122,297
Charged to Statement of Financial Performance	83,807	(15,738)	79	(142,704)	(74,556)
Charged to equity	—	—	—	—	—
Balance at 1 July 2007	69,136	(39,997)	790	17,812	47,741
Charged to Statement of Financial Performance	(8,252)	39,997	(790)	612	31,567
Charged to equity	—	—	—	—	—
Balance at 1 July 2008	60,884	—	—	18,424	79,308

The balance of the taxation losses transferred from the former Northland Harbour Board were nil as at 30.06.08, as losses of \$1,514,862 (tax effect \$499,904) were utilised in 2007-2008. As at 30 June 2008, Northland Port Corporation (NZ) Limited, its subsidiaries and associates held imputation and dividend withholding tax credits totalling \$1,432,270 (2007 \$1,171,795).

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 10: Equity

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
As at 1 July	115,525,302	108,808,912	188,472,915	164,137,661
Surplus/(deficit) for year	5,987,215	7,020,942	10,556,120	13,829,766
Transfers to/(from) freehold land revaluation reserves	(100,000)	—	(128,061)	12,355,140
Transfers to/(from) buildings revaluation reserves	574,323	916,550	574,323	(579,086)
Financial assets at fair value through equity	—	—	—	—
Transfers from special reserves	544,088	448,301	496,580	448,301
Transfers to special reserves	(4,076,693)	(1,669,403)	(4,076,693)	(1,669,403)
Less dividends paid	—	—	(4,331,088)	(1,937,592)
Other consolidation adjustments	—	—	(1,259,336)	1,888,128
As at 30 June	118,454,235	115,525,302	190,304,759	188,472,915
<b>Special reserves</b>				
Land Management reserve				
As at 1 July	1,956,033	1,956,033	1,956,033	1,956,033
Transfer from accumulated funds	(534,000)	—	(534,000)	—
As at 30 June	1,422,033	1,956,033	1,422,033	1,956,033
Awanui River reserve				
As at 1 July	(448,301)	—	(448,301)	—
Transfer to/(from) accumulated funds	(10,088)	(448,301)	(10,088)	(448,301)
As at 30 June	(458,389)	(448,301)	(458,389)	(448,301)
Kaihu River reserve				
As at 1 July	12,359	—	12,359	—
Transfer to/(from) accumulated funds	17,724	12,359	17,724	12,359
As at 30 June	30,083	12,359	30,083	12,359
Recreational Facilities reserve				
As at 1 July	1,657,044	—	1,657,044	—
Transfer to/(from) accumulated funds	1,845,487	1,657,044	1,845,487	1,657,044
As at 30 June	3,502,531	1,657,044	3,502,531	1,657,044
Investment Fund reserve				
As at 1 July	—	—	—	—
Transfer to/(from) accumulated funds	2,199,795	—	2,199,795	—
As at 30 June	2,199,795	—	2,199,795	—
Forest Income Equalisation fund				
As at 1 July	2,504,636	2,504,636	2,504,636	2,504,636
Transfer to/(from) accumulated funds	13,687	—	13,687	—
As at 30 June	2,518,323	2,504,636	2,518,323	2,504,636
Hedging reserve				
As at 1 July	—	—	189,330	—
Gains/losses recognised	—	—	(47,508)	189,330
Transfer to/(from) accumulated funds	—	—	—	—
As at 30 June	—	—	141,822	189,330
Total special reserves at 30 June	9,214,376	5,681,771	9,356,198	5,871,101
Minority Interest	—	—	73,786,182	73,003,781
<b>TOTAL EQUITY AT 30 JUNE</b>	<b>127,668,611</b>	<b>121,207,073</b>	<b>273,447,139</b>	<b>267,347,796</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 11: Trade and Other Receivables

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Other receivables	2,139,843	1,755,339	2,871,773	2,261,842
Related party receivables (note 29)	—	—	374,728	7,352
Prepayments	126,475	132,821	145,524	141,169
Gross debtors and other receivables	3,781,444	2,963,200	4,907,151	3,485,403
Less provision for impairment of receivables	(578,490)	(596,349)	(578,490)	(596,349)
Total trade and other receivables	3,202,954	2,366,851	4,328,661	2,889,054

## Fair Value

Trade and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk outside the group as the group has a large number of customers.

## Impairment

As of 30 June 2008 and 2007, all overdue rates receivables have been assessed for impairment and appropriate provisions applied. Northland Regional Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Northland Regional Council's rates debtors. Expected losses have been determined based on an analysis of the Council's individual receivables, based on an objective evidence.

As at balance date, the Northland Port Corporation (NZ) Ltd had the following financial assets past due as at balance date, but they were not considered impaired:

	30 Days	60 Days	90 Days
Trade Receivables	\$14,541	—	\$90,396

Movement in the provision for impairment of receivables are as follows:

## Council

	Gross \$	2008 Impairment \$	Net \$	Gross \$	2007 Impairment \$	Net \$
Not past due	3,161,397	—	3,161,397	2,330,678	—	2,330,678
Past due 1-60 days	26,087	—	26,087	31,469	—	31,469
Past due 61-120 days	15,470	—	15,470	4,705	—	4,705
Past due > 120 days	578,490	(578,490)	—	596,349	(596,349)	—
Total	3,781,444	(578,490)	3,202,954	2,963,201	(596,349)	2,366,852

## Group

	Gross \$	2008 Impairment \$	Net \$	Gross \$	2007 Impairment \$	Net \$
Not past due	4,182,167	—	4,182,167	2,852,881	—	2,852,881
Past due 1-60 days	40,628	—	40,628	31,469	—	31,469
Past due 61-120 days	105,866	—	105,866	4,705	—	4,705
Past due > 120 days	578,490	(578,490)	—	596,349	(596,349)	—
Total	4,907,151	(578,490)	4,328,661	3,485,404	(596,349)	2,889,055

The impairment provision has been calculated based on expected losses for Council's pool of receivables. Expected losses have been determined based on an analysis of Council's losses in previous periods, and a review of specific receivables, as detailed opposite.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 11: Trade and Other Receivables continued

Individual impairment  
Collective impairment  
Total provision for impairment

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
7,891	—	—	—
570,599	596,349	596,349	596,349
<b>578,490</b>	<b>596,349</b>	<b>596,349</b>	<b>596,349</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

An analysis of these individually impaired debtors are as follows:

Past due 1-60 days  
Past due 61-120 days  
Past due > 120 days  
Total individual impairment

—	—	—	—
—	—	—	—
7,891	—	7,891	—
<b>7,891</b>	<b>—</b>	<b>7,891</b>	<b>—</b>

Movements in the provision for impairment of receivables are as follows:

At 1 July	596,349	425,000	596,349	425,000
Additional provisions made during the year	80,748	386,679	80,748	386,679
Receivables written off during the period	(98,606)	(215,330)	(98,606)	(215,330)
At 30 June	<b>578,490</b>	<b>596,349</b>	<b>578,490</b>	<b>596,349</b>

The Northland Regional Council holds no collateral as security or any other credit enhancements over receivables that are either past due or impaired.

## Note 12: Inventories

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
179,042	138,994	179,042	138,994

Inventories are made up of consumables and inventories held for resale. Consumables are materials or supplies which will be consumed in conjunction with the delivery of services. These predominantly comprise poisons and traps used in the eradication of pests to the environment. Inventories held for resale within the Council also comprise mainly poisons and traps sold to the general public.

## Note 13: Non-Current Assets held for Sale

Balance 1 July  
Transfers from investment properties  
Properties purchased  
Properties sold during the year  
Fair value gains/(loss) on valuation (note 5)  
Total non-current assets held for sale

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
2,841,000	1,960,000	2,841,000	1,960,000
4,094,975	—	4,094,975	—
4,796,185	—	4,796,185	—
(2,452,000)	—	(2,452,000)	—
(404,975)	881,000	(404,975)	881,000
<b>8,875,185</b>	<b>2,841,000</b>	<b>8,875,185</b>	<b>2,841,000</b>

Non-current assets held for sale are valued at the lower of the varying amount and fair value less costs to sell at the time of reclassification.

Four of the six properties included in the opening balance were settled during the year. The remaining properties continue to be available for sale.

The transfer from investment properties relates a Council-owned property at 10-24 Commerce Street. Council resolved on the 19 December 2007 that the Commerce Street site shall be offered for sale. Council accepted an offer made by a vendor, and the sale agreement went unconditional on 17 August 2008.

Properties purchased include land purchased in the Oakleigh to Marsden Point area, containing land and some residential buildings, to be designated and subdivided to secure the route of the proposed Oakleigh to Marsden Point Rail Link. It is intended that a Joint Venture will be established before 30 June 2009, between the Northland Regional Council and ONTRACK, to advance the proposed rail corridor. The Joint Venture will purchase the land acquired by the Northland Regional Council at the cost of acquisition.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 14: Other Financial Assets

### Loans and receivables

Short term advances with maturities of 4-12 months

Fonterra Co-operative Group Ltd shares

Balance Agri-Nutrients Ltd shares

Total current portion

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
13,833,219	8,055,132	26,583,745	9,851,528
—	—	775,097	138,449
—	—	—	—
13,833,219	8,055,132	27,358,842	9,989,977

### Impairment

There were no impairment provisions for other financial assets. None of the assets are either past due or impaired.

### Short term Advances

Northland Regional Council short term deposits with maturity dates of four to six months. The average interest rate is 8.75% (2007 - 8.1%).

During the period, the unsecured funding advances previously provided to Marsden Cove Ltd Marinas Ltd were repaid in full.

Effective 1 November 2006, Northport Ltd acquired the separate interests of the three former joint venture partners in Northport Services (UJV). The company has provided a short term, interest free, funding advance to Northport Ltd of \$1,796,396 to facilitate this agreement, the current balance is \$1,396,396.

Effective 30 September 2007, Hopper Developments Ltd acquired the Group's former shareholdings in Marsden Cove Ltd and Marsden Cove Marinas Ltd.

As part of the agreed terms for this sale, a short term funding advance of \$6,000,000 was provided. This is repayable in full on 18/10/08 and is non-interest bearing. At balance date this advance has an assessed fair value of \$5,829,130.

Effective 30 June 2007, Northland Port Corporation (NZ) Limited entered into an agreement with Sea-Tow Limited whereby the capital notes previously held in that company were redeemed in exchange for an interest bearing loan facility for an indefinite time period. This is secured by way of a second debenture over the assets and undertakings of that company. At balance date the sum advanced yields interest at 12.75% per annum, equating with an assessed fair value of \$5,525,000. Subsequent to balance date the facility was repaid in full (refer note 32).

### Fonterra Co-operative Group Ltd Shares

As at 30 June 2008, Northland Port Corporation (NZ) Limited and its Group held 80,000 co-operative shares in Fonterra Co-operative Group Ltd pertaining to the 2008/2009 dairy season and having a disclosed fair value of \$5.57 per share. A further 122,853 surplus co-operative shares are recorded at their average July 2008 surrender value of \$6.31 per share (2007 - total holding of 223,958 shares at an average of \$6.77 per share).

### Balance Agri-Nutrients Ltd Shares

As at 30 June 2008, the Company and Group held 3,556 shares in Balance Agri Nutrients Ltd with a disclosed fair value of \$7.00 per share and a total fair value of \$24,892 (2007 - 3,208 shares at \$6.00 per share).



# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 15: Derivative Financial Instruments

Interest rate swaps (at fair value)

Disclosed as:

Current portion

Non-current portion

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Interest rate swaps (at fair value)	—	—	—	121,203
Disclosed as:				
Current portion	—	—	—	54,000
Non-current portion	—	—	—	67,203
	—	—	—	121,203
As at 30 June 2008, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:				
Less than 1 year	—	—	—	—
1-2 years	—	—	—	—
2-3 years	—	—	—	4,000,000
	—	—	—	4,000,000

In addition to the above table, the associate entity Northport Ltd, together with its associate North Tugz Ltd, were party to fixed interest swap contracts with principal amounts totalling \$34,500,000 and \$10,550,000 respectively, as at 30 June 2008 (2007 - \$42,500,000 and \$10,750,000).

## Note 16: Investment Property

Balance at 1 July

Additions from acquisitions

Disposals

Transfers to property held for sale

Fair value gains on valuation (note 4)

Balance at 30 June

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Balance at 1 July	46,091,001	40,239,752	46,091,001	40,239,752
Additions from acquisitions	856,023	—	856,023	—
Disposals	—	—	(4,094,975)	—
Transfers to property held for sale	(4,094,975)	—	—	—
Fair value gains on valuation (note 4)	3,246,951	5,851,249	3,246,951	5,851,249
Balance at 30 June	46,099,000	46,091,001	46,099,000	46,091,001

Investment properties are stated at fair value, effective 30 June. The valuation has been undertaken by Telfer Young (Northland) Ltd who are independent valuers that hold a recognised and relevant professional qualification and who have recent experience.

The Council's investment properties comprise ground leases of \$35,724,000 and land and buildings held for investment purposes of \$10,375,000. Ground leases are parcels of land owned by the Council, while the buildings on the ground leases are owned by other parties (building owners). The land has been leased to the building owners mostly for 21 years, but include five- and seven-year perpetuity renewable terms. The land and buildings held for investment purposes are properties that are not held for operational purposes and are leased to external parties.

Rental income

Expenses from investment property generating income

Expenses from investment property not generating income

Contractual obligations for capital expenditure

Contractual obligations for operating expenditure

Rental income	2,686,412	2,219,394	2,686,412	2,219,394
Expenses from investment property generating income	123,386	123,616	123,386	123,616
Expenses from investment property not generating income	—	—	—	—
Contractual obligations for capital expenditure	—	—	—	—
Contractual obligations for operating expenditure	—	—	—	—

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 17: Investments in Subsidiaries and Associates

Investment in Northland Regional Council Community Trust  
 Shares in Northland Port Corporation (NZ) Limited (22.8 million shares)  
**Total investments in subsidiaries and associates**

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
12,139,523	12,139,523	—	—
8,058,150	8,058,150	43,541,982	46,730,332
<b>20,197,673</b>	<b>20,197,673</b>	<b>43,541,982</b>	<b>46,730,332</b>

The investments in the subsidiary and associate entities are carried at cost in the Northland Regional Council's (parent entity) balance sheet.

Northland Port Corporation (NZ) Limited is a listed company. The fair value of these shares, as per the market price at 30 June 2008, is \$2.75 per share (2007 - \$3.40 per share). Northland Regional Council holds 22,795,601 shares.

### Northland Regional Council Community Trust

Current assets	555,077	451,360
Non-current assets	10,910,554	12,003,942
Current liabilities	592,468	438,131
Non-current liabilities	19,644	14,527
<b>Net Assets</b>	<b>10,853,519</b>	<b>12,002,644</b>
<b>Total Investment at Cost</b>	<b>12,139,523</b>	<b>12,139,523</b>

### Shares in Northland Port Corporation (NZ) Limited

Current assets	3,473,598	9,499,518
Non-current assets	104,168,368	141,537,708
Current liabilities	4,527,969	57,214,838
Non-current liabilities	46,363,484	30,654,801
<b>Net Assets</b>	<b>56,750,513</b>	<b>63,167,587</b>
Group share of net assets (50%)	28,375,257	31,583,794
Land revaluation not recognised by Northport Ltd	17,446,065	17,446,065
Other consolidation adjustments	(2,279,340)	(3,157,471)
<b>Total Investment in Associate Companies</b>	<b>43,541,982</b>	<b>45,872,388</b>

Details of contingent liabilities arising from the group's involvement in the associate companies are disclosed separately in note 28.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 18: Other Investments

Advances <sup>2</sup>

Other investments <sup>3</sup>

### BALANCE OF INVESTMENTS AT 30 JUNE

Term deposits, local authority and government stock and other securities <sup>1</sup>

Term deposits, local authority and government stock

Fonterra Co-operative Group Ltd - shares

Balance Agri-Nutrients Ltd - shares

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
—	—	—	7,211,919
—	—	10,887,583	12,248,940
<b>9,060,409</b>	<b>13,950,097</b>	<b>20,418,484</b>	<b>34,807,576</b>
9,060,409	13,950,097	9,060,409	13,950,097
—	—	445,600	1,377,372
—	—	24,892	19,248

<sup>1</sup> Fair value for the Council's investments in Local Authority stocks is provided by First NZ Capital Securities Ltd and is determined by reference to published price quotations in an active market. The cost of these investments at 30 June 2008 is \$9,450,079.

### Advances

<sup>2</sup> During the period, the unsecured funding advances previously provided to Marsden Cove Ltd and Marsden Cove Marinas Ltd were repaid in full.

### Other Investments

<sup>3</sup> Investments in listed shares are held at the fair value of listed available-for-sale investments determined directly by references to published price quotations in an active market. Investments in unlisted investments are held at the fair value that has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair value recorded in equity are reasonable and the most appropriate at balance date.

As at 30 June 2008, Northland Port Corporation (NZ) Limited and its Group held 80,000 co-operative shares in Fonterra Co-operative Group Ltd pertaining to the 2008/2009 dairy season, and having a disclosed fair value of \$5.57 per share. A further 122,853 surplus co-operative shares are recorded at their average July 2008 surrender value of \$6.31 per share (2007 - total holding of 223,958 shares at an average of \$6.77 per share).

As at 30 June 2008, the Company and Group held 3,556 shares in Balance Agri Nutrients Ltd with a disclosed fair value of \$7.00 per share and a total fair value of \$24,892 (2007 - 3,208 shares at \$6.00/share).

### Interest Rates

The weighted average effective interest rates on investments (current and non-current) and the associated repricing maturities were:

Weighted average effective interest rates:

Term deposits

Other securities

7.5%	7.3%	7.5%	7.3%
8.3%	7.7%	9.5%	7.7%

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 19: Property, Plant and Equipment

### Freehold Land

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Freehold Land - at cost - opening balance	—	—	—	—
Freehold Land - at valuation - opening balance	2,377,610	1,155,820	2,377,610	1,155,820
Less accumulated depreciation	(754)	(754)	(754)	(754)
<b>Total Freehold Land - opening balance</b>	<b>2,376,856</b>	<b>1,155,066</b>	<b>2,376,856</b>	<b>1,155,066</b>
Additions	—	—	—	—
Disposals	—	—	—	—
Accumulated depreciation on disposals	—	—	—	—
Transfer between asset classes	(706,856)	—	(706,856)	—
Revaluation movement	(100,000)	1,221,790	(100,000)	1,221,790
Depreciation expense	—	—	—	—
<b>Total Freehold Land - closing balance</b>	<b>1,570,000</b>	<b>2,376,856</b>	<b>1,570,000</b>	<b>2,376,856</b>
Land at cost - closing balance	—	—	—	—
Land at valuation - closing balance	1,570,000	2,377,610	1,570,000	2,377,610
Less accumulated depreciation	—	(754)	—	(754)
<b>Total Freehold Land - closing balance</b>	<b>1,570,000</b>	<b>2,376,856</b>	<b>1,570,000</b>	<b>2,376,856</b>

### Other Land

Other Land - at cost - opening balance	—	—	—	—
Other Land - at valuation - opening balance	—	—	—	—
Less accumulated depreciation	—	—	—	—
<b>Total Other Land - opening balance</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Additions	—	—	—	—
Disposals	—	—	—	—
Accumulated depreciation on disposals	—	—	—	—
Transfer between asset classes	706,856	—	706,856	—
Revaluation movement	—	—	—	—
Depreciation expense	—	—	—	—
<b>Total Other Land - closing balance</b>	<b>706,856</b>	<b>—</b>	<b>706,856</b>	<b>—</b>
Land at cost - closing balance	706,856	—	706,856	—
Land at valuation - closing balance	—	—	—	—
Less accumulated depreciation	—	—	—	—
<b>Total Other Land - closing balance</b>	<b>706,856</b>	<b>—</b>	<b>706,856</b>	<b>—</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 19: Property, Plant and Equipment continued

### Freehold Land Port

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Freehold Land Port - at cost - opening balance	—	—	—	—
Freehold Land Port - at valuation - opening balance	—	—	91,250,000	70,250,000
Less accumulated depreciation	—	—	—	—
<b>Total Freehold Land Port - opening balance</b>	<b>—</b>	<b>—</b>	<b>91,250,000</b>	<b>70,250,000</b>
Additions	—	—	1,053,518	1,618,600
Disposals	—	—	—	—
Accumulated depreciation on disposals	—	—	—	—
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	(53,518)	19,381,40
Depreciation expense	—	—	—	—
<b>Total Freehold Land Port - closing balance</b>	<b>—</b>	<b>—</b>	<b>92,250,000</b>	<b>91,250,000</b>
Land at cost - closing balance	—	—	—	—
Land at valuation - closing balance	—	—	92,250,000	91,250,000
Less accumulated depreciation	—	—	—	—
<b>Total Freehold Land Port - closing balance</b>	<b>—</b>	<b>—</b>	<b>92,250,000</b>	<b>91,250,000</b>

### Buildings

Buildings - at cost	—	—	—	—
Buildings - at valuation	6,138,856	6,260,268	6,181,341	6,260,268
<b>Total Buildings - cost/valuation</b>	<b>6,138,856</b>	<b>6,260,268</b>	<b>6,181,341</b>	<b>6,260,268</b>
Accumulated depreciation	(358,130)	(372,130)	(400,615)	(372,130)
<b>Total Buildings - opening balance</b>	<b>5,780,726</b>	<b>5,888,138</b>	<b>5,780,726</b>	<b>5,888,138</b>
Additions	69,218	198,363	69,218	208,245
Disposals	—	(14,535)	—	18,068
Accumulated depreciation on disposals	358,130	188,304	358,130	188,304
Transfer between asset classes	(135,053)	—	(135,053)	—
Revaluation movement	(113,021)	(305,240)	(113,021)	(305,240)
Depreciation expense	—	(174,304)	—	(216,789)
<b>Total Buildings - closing balance</b>	<b>5,960,000</b>	<b>5,780,726</b>	<b>5,960,000</b>	<b>5,780,726</b>
Buildings at cost - closing balance	—	—	—	—
Buildings at valuation - closing balance	5,960,000	6,138,856	6,002,485	6,181,341
<b>Total cost/valuation</b>	<b>5,960,000</b>	<b>6,138,856</b>	<b>6,002,485</b>	<b>6,181,341</b>
Accumulated depreciation	—	(358,130)	(42,485)	(400,615)
<b>Total Buildings - closing balance</b>	<b>5,960,000</b>	<b>5,780,726</b>	<b>5,960,000</b>	<b>5,780,726</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 19: Property, Plant and Equipment continued

### Infrastructure

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Infrastructure - at cost - opening balance	6,925,283	6,925,283	6,925,283	6,925,283
Less accumulated depreciation	(11,889)	(5,941)	(11,889)	(5,941)
<b>Total infrastructure - opening balance</b>	<b>6,913,394</b>	<b>6,919,342</b>	<b>6,913,394</b>	<b>6,919,342</b>
Additions	—	—	—	—
Disposals	—	—	—	—
Accumulated depreciation on disposals	—	—	—	—
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	—	—
Depreciation expense	(5,948)	(5,948)	(5,948)	(5,948)
<b>Total infrastructure - closing balance</b>	<b>6,907,446</b>	<b>6,913,394</b>	<b>6,907,446</b>	<b>6,913,394</b>
Infrastructure - at cost	6,925,283	6,925,283	6,925,283	6,925,283
Less accumulated depreciation	(17,837)	(11,889)	(17,837)	(11,889)
<b>Total infrastructure - closing balance</b>	<b>6,907,446</b>	<b>6,913,394</b>	<b>6,907,446</b>	<b>6,913,394</b>

### Amenities

Amenities- at cost - opening balance	—	—	804,542	837,145
Less accumulated depreciation	—	—	(384,796)	(378,730)
<b>Total Amenities - opening balance</b>	<b>—</b>	<b>—</b>	<b>419,746</b>	<b>458,415</b>
Additions	—	—	150,000	—
Disposals	—	—	—	(32,603)
Accumulated depreciation on disposals	—	—	—	—
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	—	—
Depreciation expense	—	—	(42,208)	(6,066)
<b>Total Amenities - closing balance</b>	<b>—</b>	<b>—</b>	<b>527,538</b>	<b>419,746</b>
Amenities - at cost	—	—	954,542	804,542
Less accumulated depreciation	—	—	(427,004)	(384,796)
<b>Total Amenities - closing balance</b>	<b>—</b>	<b>—</b>	<b>527,538</b>	<b>419,746</b>



# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 19: Property, Plant and Equipment continued

### Plant and Equipment

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Plant and Equipment - at cost - opening balance	4,765,816	4,501,098	9,899,561	7,738,666
Less accumulated depreciation	(2,926,915)	(2,469,887)	(3,925,187)	(3,806,307)
<b>Total Plant and Equipment - opening balance</b>	<b>1,838,901</b>	<b>2,031,211</b>	<b>5,974,374</b>	<b>3,932,359</b>
Additions	190,174	400,739	201,281	4,360,233
Disposals	(178,332)	(136,021)	(470,691)	(2,199,338)
Accumulated depreciation on disposals	175,337	(35,460)	185,634	585,075
Transfer between asset classes	135,053	—	135,053	—
Revaluation movement	—	—	—	—
Depreciation expense	(536,863)	(421,568)	(583,910)	(703,955)
<b>Total Plant and Equipment - closing balance</b>	<b>1,624,270</b>	<b>1,838,901</b>	<b>5,441,741</b>	<b>5,974,374</b>
Plant and Equipment - at cost	4,912,711	4,765,816	9,765,204	9,899,561
Less accumulated depreciation	(3,288,441)	(2,926,915)	(4,323,463)	(3,925,187)
<b>Total Plant and Equipment - closing balance</b>	<b>1,624,270</b>	<b>1,838,901</b>	<b>5,441,741</b>	<b>5,974,374</b>

### Leased Equipment

Leased Equipment - at cost - opening balance	—	—	104,466	134,352
Less accumulated depreciation	—	—	(68,619)	(70,349)
<b>Total Leased Equipment - opening balance</b>	<b>—</b>	<b>—</b>	<b>35,847</b>	<b>64,003</b>
Additions	—	—	34,253	9,887
Disposals	—	—	(40,737)	(39,773)
Accumulated depreciation on disposals	—	—	34,181	19,691
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	—	—
Depreciation expense	—	—	(26,157)	(17,961)
<b>Total Leased Equipment - closing balance</b>	<b>—</b>	<b>—</b>	<b>37,387</b>	<b>35,847</b>
Leased Equipment - at cost	—	—	97,982	104,466
Less accumulated depreciation	—	—	(60,595)	(68,619)
<b>Total Leased Equipment - closing balance</b>	<b>—</b>	<b>—</b>	<b>37,387</b>	<b>35,847</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 19: Property, Plant and Equipment continued

### Navigational Aids

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Navigational Aids - at cost - opening balance	486,640	453,077	486,640	453,077
Less accumulated depreciation	(426,177)	(416,490)	(426,177)	(416,490)
<b>Total Navigational Aids - opening balance</b>	<b>60,463</b>	<b>36,587</b>	<b>60,463</b>	<b>36,587</b>
Additions	32,006	—	32,006	—
Disposals	(183,962)	33,563	(183,962)	33,563
Accumulated depreciation on disposals	174,285	—	174,285	—
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	—	—
Depreciation expense	(24,693)	(9,687)	(24,693)	(9,687)
<b>Total Navigational Aids - closing balance</b>	<b>58,099</b>	<b>60,463</b>	<b>58,099</b>	<b>60,463</b>
Navigational Aids - at cost	334,684	486,640	334,684	486,640
Less accumulated depreciation	(276,585)	(426,177)	(276,585)	(426,177)
<b>Total Navigational Aids - closing balance</b>	<b>58,099</b>	<b>60,463</b>	<b>58,099</b>	<b>60,463</b>

### Vehicles

Vehicles - at cost - opening balance	1,457,937	1,391,270	1,512,293	1,489,452
Less accumulated depreciation	(567,275)	(536,345)	(589,423)	(566,341)
<b>Total Vehicles - opening balance</b>	<b>890,662</b>	<b>854,925</b>	<b>922,870</b>	<b>923,111</b>
Additions	203,136	328,919	229,803	299,537
Disposals	(178,457)	(262,252)	(196,812)	(276,696)
Accumulated depreciation on disposals	90,888	151,501	98,014	170,666
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	—	—
Depreciation expense	(156,038)	(182,431)	(171,093)	(193,748)
<b>Total Vehicles - closing balance</b>	<b>850,191</b>	<b>890,662</b>	<b>882,782</b>	<b>922,870</b>
Vehicles - at cost	1,482,616	1,457,937	1,545,284	1,512,293
Less accumulated depreciation	(632,425)	(567,275)	(662,502)	(589,423)
<b>Total Vehicles - closing balance</b>	<b>850,191</b>	<b>890,662</b>	<b>882,782</b>	<b>922,870</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 19: Property, Plant and Equipment continued

### Vessels and Dredging Equipment

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
vessels and Dredging Equipment - at cost - opening balance	1,069,751	1,051,690	1,069,751	1,052,201
Less accumulated depreciation	(434,242)	(345,893)	(434,242)	(345,893)
<b>Total Vessels and Dredging Equipment - opening balance</b>	<b>635,509</b>	<b>705,797</b>	<b>635,509</b>	<b>706,308</b>
Additions	45,129	18,061	45,129	17,550
Disposals	—	—	—	—
Accumulated depreciation on disposals	—	—	—	—
Transfer between asset classes	—	—	—	—
Revaluation movement	—	—	—	—
Depreciation expense	(82,994)	(88,349)	(82,994)	(88,349)
<b>Total Vessels and Dredging Equipment - closing balance</b>	<b>597,644</b>	<b>635,509</b>	<b>597,644</b>	<b>635,509</b>
Vessels and Dredging Equipment - at cost	1,114,880	1,069,751	1,114,880	1,069,751
Less accumulated depreciation	(517,236)	(434,242)	(517,236)	(434,242)
<b>Total Vessels and Dredging Equipment - closing balance</b>	<b>597,644</b>	<b>635,509</b>	<b>597,644</b>	<b>635,509</b>

### Total Assets

Total Assets - at cost	14,705,427	14,322,418	112,052,536	88,880,176
Total Assets - at valuation	8,516,466	7,416,088	8,558,951	7,416,088
<b>Total Assets cost/valuation</b>	<b>23,221,893</b>	<b>21,738,506</b>	<b>120,611,487</b>	<b>96,296,264</b>
Accumulated depreciation	(4,725,382)	(4,147,440)	(6,241,702)	(5,962,935)
<b>Total Assets - opening balance</b>	<b>18,496,511</b>	<b>17,591,066</b>	<b>114,369,785</b>	<b>90,333,329</b>
Additions	539,663	946,082	1,815,208	6,514,052
Disposals	(540,751)	(379,245)	(892,202)	(2,496,779)
Accumulated depreciation on disposals	798,640	304,345	850,244	963,736
Transfer between asset classes	—	—	—	—
Revaluation movement	(213,021)	916,550	(266,539)	20,297,950
Depreciation expense	(806,536)	(882,287)	(937,003)	(1,242,503)
<b>Total Assets - closing balance</b>	<b>18,274,506</b>	<b>18,496,511</b>	<b>114,939,493</b>	<b>114,369,785</b>
Total Assets - at cost - closing balance	14,704,339	14,889,255	112,975,542	92,897,449
Total Assets - at valuation - closing balance	8,303,445	8,332,638	8,292,412	27,714,038
<b>Total Assets cost/valuation</b>	<b>23,007,784</b>	<b>23,221,893</b>	<b>121,267,954</b>	<b>120,611,487</b>
Accumulated depreciation	(4,733,278)	(4,725,382)	(6,328,461)	(6,241,702)
<b>Total Assets - closing balance</b>	<b>18,274,506</b>	<b>18,496,511</b>	<b>114,939,493</b>	<b>114,369,785</b>

### Capital Work in Progress

### Depreciation and amortisation expense:

Property, plant and equipment	806,537	1,044,273	937,003	1,248,020
Intangibles	202,634	233,436	203,527	229,296
Forest (on Forest Harvesting Strategy)	4,800	5,517	4,800	5,517
	<b>1,013,971</b>	<b>1,283,226</b>	<b>1,145,330</b>	<b>1,482,833</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 20: Intangible Assets

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Cost - opening balance	2,453,037	2,236,375	2,459,688	2,243,026
Accumulated amortisation	(1,961,499)	(1,799,513)	(1,966,894)	(1,803,531)
Computer software opening carrying amount	491,537	436,862	492,793	439,495
Additions	9,399	288,111	9,399	288,111
Net disposals <sup>1</sup>	—	—	(822)	—
Impairment losses	—	—	—	—
Amortisation charge	(202,634)	(233,436)	(203,527)	(234,813)
<b>Total Computer Software - closing balance</b>	<b>298,302</b>	<b>491,537</b>	<b>(194,128)</b>	<b>53,298</b>
Cost	2,462,437	2,453,037	2,469,087	2,531,137
Accumulated amortisation	(2,128,788)	(1,961,499)	(2,170,421)	(2,038,344)
<b>Total Computer Software - closing balance</b>	<b>333,647</b>	<b>491,537</b>	<b>298,666</b>	<b>492,793</b>

<sup>1</sup> Disposals are reported net after accumulated depreciation.

## Note 21: Biological Assets

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Balance at 1 July	1,690,483	1,513,000	1,690,483	1,513,000
Gains arising from changes in fair values less estimated point-of-sale costs	(319,483)	177,483	(319,483)	177,483
Depreciation on biological asset excluded from valuation	(4,800)	—	(4,800)	—
<b>Balance at 30 June</b>	<b>1,366,200</b>	<b>1,690,483</b>	<b>1,366,200</b>	<b>1,690,483</b>

Northland Regional Council owns 318.3 hectares of radiata pine forest which are at varying stages of maturity, ranging from 1 to 28 years. No forests have been harvested during the year, with scheduled harvest for 2007-2008 deferred due to unfavourable market conditions.

### Valuation Assumptions

Independent registered forestry industry consultants, Chandler Fraser Keating Ltd, have valued forestry assets at fair value less point-of-sale costs as at 30 June 2008. 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 property 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 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.

### Financial Risk Management Strategies

The Northland Regional Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, Council has not taken any measures to manage the risks of a decline in timber prices. The Northland Regional Council reviews its outlook for timber prices regularly, by considering the need for active financial risk management.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 22: Trade and Other Payables

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Trade creditors	2,255,291	2,658,534	2,927,030	3,285,296
Accrued expenses	631,019	217,320	631,019	217,320
Revenue received in advance	541,347	—	541,347	—
Related parties trade and other payables (note 29)	6,750	—	21,486	—
<b>Total Trade and Other Payables</b>	<b>3,434,406</b>	<b>2,875,854</b>	<b>4,120,881</b>	<b>3,502,616</b>

Trade and other payables are non-interest bearing and are normally settled on terms varying between 7 days and 20th of the month following the invoice date. Therefore, the carrying value of trade and other payables approximates their fair value.

## Note 23: Employee Benefit Liabilities

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Annual leave	800,950	753,137	837,296	814,031
Accrued pay	—	—	46,799	—
Sick leave	28,113	31,137	28,113	31,137
Retirement gratuities	288,546	287,022	288,546	290,314
	<b>1,117,608</b>	<b>1,071,296</b>	<b>1,200,753</b>	<b>1,135,482</b>
Represented by:				
Current benefit liabilities	1,014,815	980,053	1,097,960	1,044,240
Non-current benefit liabilities	102,793	91,243	102,793	91,243
	<b>1,117,608</b>	<b>1,071,296</b>	<b>1,200,753</b>	<b>1,135,483</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 24: Borrowings

### Current

Secured loans

Lease liabilities

**Total Current Borrowings**

### Non-current

Secured loans

Lease liabilities

**Total Non-current Borrowings**

Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
250,000	—
24,989	19,727
<b>274,989</b>	<b>19,727</b>
—	6,500,000
19,644	14,527
<b>19,644</b>	<b>6,514,527</b>

### Floating rate debt

As at 30 June 2008, the Group's secured debt of \$250,000 is with the ASB Bank and is at an average interest rate of 9.126% (2007 - 8.57%). The present funding facility is for a term of 5 years, expiring 19 September 2008, with a current funding limit of \$12,000,000 (2007 - \$12,000,000).

### Security

The Group's funding facility with the ASB Bank is secured by a registered floating charge debenture over the assets and undertakings of Northland Port Corporation (NZ) Limited. Subject to meeting agreed covenants, there are no restrictions on the use of this facility.

### Maturity analysis and effective interest rates

#### 2008

Less than one year

Later than one year but not more than five years

Secured Loans Group \$	Lease Group \$
250,000	24,989
—	19,644
<b>250,000</b>	<b>44,633</b>

#### 2007

Less than one year

Later than one year but not more than five years

—	19,727
6,500,000	14,527
<b>6,500,000</b>	<b>34,254</b>



# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 25: Provisions

Current provisions are represented by:

- Payroll related provisions
- Sundry provisions

Non-current provisions are represented by:

- Sundry provisions

Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
33,113	23,855
118,610	39,104
<b>151,723</b>	<b>62,959</b>
—	97,812
<b>—</b>	<b>97,812</b>

### Council and Group

	Onerous Lease Provision 2008	Payroll Related Provisions 2008	Sundry Provisions 2008	Onerous Lease Provision 2007	Payroll Related Provisions 2007	Sundry Provisions 2007
Opening balance	—	23,855	136,916	398,750	27,125	163,266
Additional provisions made during the year	—	9,258	—	7,723	416	3,313
Amounts used during the year	—	—	(18,306)	(406,473)	(3,686)	(29,663)
Unused amounts reversed during the year	—	—	—	—	—	—
Closing balance	<b>—</b>	<b>33,113</b>	<b>118,610</b>	<b>—</b>	<b>23,855</b>	<b>136,916</b>

### Onerous lease provision

The onerous lease provision relates to a situation whereby the company was previously party to an operating lease arrangement under which the benefits to the company were less than the future lease payments required.

### Payroll-related provisions

The payroll-related provisions comprise anticipated amounts payable to employees for annual leave and ACC-related payments.

### Sundry provisions

Sundry provisions largely comprise anticipated amounts payable to a third party in respect of the Group's shareholding in Fonterra Co-operative Group Ltd.

## Note 26: Joint Venture

NPC Corporate Services Ltd (a 100% owned subsidiary of Northland Port Corporation (NZ) Ltd and SSA JV Holdings Ltd) together operate an unincorporated joint venture, Northland Stevedoring Services (UJV), to undertake stevedoring and other cargo-related operations. Each participant has an equal stakeholding in the joint venture. The joint venture has a balance date of 30 June. Included in the financial statements are the following items that represent the Council's and Group's interest in the assets and liabilities of the joint venture:

### Share of Net Assets

	30-Jun-08 \$	30-Jun-07 \$
Current assets	199,874	242,174
Non-current assets	112,082	144,554
Current liabilities	60,876	41,371
Non-current liabilities	45,324	42,582

### Joint Venture Expenses

The Northland Port Corporation (NZ) Ltd share of expenses from its joint venture interests (prior year comparative includes four months in respect of Northport Services) have been included in the Consolidated Income Statement as follows:

Operational expenses	526,007	1,270,216
Land rates and lease expenses	23,090	41,741
Administrative expenses (including audit fees)	54,201	133,910
Depreciation	32,472	103,313

### Joint Venture Commitments and Contingencies

Details of any commitments and contingent liabilities arising from the Group's involvement in the joint ventures are disclosed separately in notes 27 and 28.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 27: Capital Commitments and Operating Leases

Other capital commitments <sup>1</sup>

Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
—	—	—	2,350,000
59,340	—	159,340	3,871,540

<sup>1</sup> Effective 1 October 2007, the Group sold its interest in Marsden Cove Ltd to the other shareholder, Hopper Developments Ltd. As at 30 June 2008 there were no amounts outstanding between the parties (2007: - \$2,350,000).

### Operating leases commitments

The Group leases property, plant and equipment in the normal course of business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	NPC 30-Jun-08 \$	NPC 30-Jun-07 \$	Trust 30-Jun-08 \$	Trust 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Not later than one year	95,860	21,283	131,516	95,279	227,376	116,562
Later than one year and not later than five years	133,492	46,180	126,653	84,837	260,145	131,017
Later than five years	33,199	28,863	—	—	33,199	28,863
Total operating leases	262,551	96,326	258,169	180,116	520,720	276,442

The Council has no lease commitments.

## Note 28: Contingent Liabilities

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Committed funding	13,700,000	—	—	—
Guarantees	—	—	8,100,000	8,100,000
Bonds	—	—	75,000	75,000
Share of associated companies' contingent liabilities	—	—	—	1,421,349
	13,700,000	—	8,175,000	9,596,349

### Committed Funding

- Council has approved, in principle, to grant \$700,000 towards the establishment of a 50 metre swimming pool in Dargaville. The grant is to be funded from a share of the Regional Recreational Facilities rate collected in 2006-2007 and 2007-2008 for the Northland Regional Council Recreation Fund (other recreational facilities).
- In June 2007, the Whangarei District Council and Northland Regional Council sought expressions of interest from design and build contractors to undertake the construction of the new Northland Events Centre at Okara Park in Whangarei. The Regional Council liability is capped at \$13M, this being the total contribution agreed in the 2006-2016 Northland Long Term Council Community Plan.

### Guarantees

- Bank of New Zealand - a several guarantee given in respect of additional funding provided to Northport Ltd for construction of a wharf extension - \$8,000,000.
- ASB Bank Ltd - joint guarantee given (in conjunction with SSA JV Holdings Ltd) to secure the overdraft of Northland Stevedoring Services unincorporated joint venture - \$100,000.

### Bonds

- Bank of New Zealand - a bond given by them to the New Zealand Stock Exchange - \$75,000.

As the possibility of any outflow in settlement of these contingent liabilities is remote, an indication of the uncertainties about the amount or timing of any outflow has not been disclosed as it is not practicable to do so.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 29: Related Party Transactions

The following transactions were carried out with related parties:

### Marsden Cove Limited

Accounts payable to the Council for services provided in the normal course of business

### North Port Cool Stores (1989) Limited

### North Tugz Limited

Accounts receivable from the Council for services provided in the normal course of business

### Northland Port Corporation (NZ) Limited

Payment made from the Council for services provided in the normal course of business

### Northland Regional Council Community Trust

### Destination Northland Limited

Grant received from the Council

### Northport Limited

Accounts payable to the Council for services provided in the normal course of business

Accounts receivable from the Council for services provided in the normal course of business

### Northport Services (UJV)

### Northland Stevedoring Services (UJV)

### Key Management Personnel

	Council 30-Jun-08 \$	Council 30-Jun-07 \$
	10,800	Nil
	Nil	Nil
	Nil	2,109
	783	Nil
	Nil	Nil
	100,000	100,000
	Nil	13,625
	6,750	6,750
	Nil	Nil
	Nil	Nil
	Nil	Nil

All members of the Group are considered to be related parties of the Northland Regional Council. Details of investment in, financial assistance to, and transactions with these entities are summarised in the respective notes.

During the period certain transactions that were not material in nature took place between Northland Port Corporation (NZ) Limited and companies in which some of the directors have an interest or association. For these transactions, the particular directors involved abstained from voting at the time, in accordance with the Company's Constitution.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2007 - Nil).

### Key Management Personnel Compensation

During the year, key management personnel, as part of normal local authority relationships were involved in transactions of a minor and routine nature. Except for these transactions, no key management personnel have entered into related party transactions with the Group (2007:nil). Key Management Personnel comprises the Councillors and Chair, the Chief Executive, and the management team. All the relevant information relating to remuneration is disclosed in Note 30.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 30: Remuneration

A breakdown of the Chief Executive's remuneration package is as follows:

	Council 30-Jun-08 \$	Council 30-Jun-07 \$
Salary	225,654	191,834
Vehicle - FBT Cost	19,680	32,327
<b>Total Remuneration</b>	<b>245,334</b>	<b>224,161</b>

## Directors' Remuneration

Directors' Remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly to a director during the reporting period. Councillors, including the Chair, are considered to be directors as they occupy the position of a member of the governing body of the Council reporting entity. The disclosures for the Group include remuneration of the Councillors in their role as directors within the Group. The aggregate remuneration paid to the Councillors and the Chair totalled \$457,318 (2007: 457,888).

Council Member	Monetary Remuneration Salary \$	Monetary Remuneration Non-salary \$	Total Council Remuneration \$	Director/ Trustee Fees \$	Total Remuneration 30-Jun-08 \$	Total Remuneration 30-Jun-07 \$
Chairman - Mark Farnsworth	92,224	875	93,099	-	93,099	93,698
Deputy Chairman - Ian Walker <sup>1</sup>	49,315	6,494	55,809	22,000	77,809	57,876
Chair, Audit and Finance Committee - Peter Jensen	53,218	2,682	55,900	-	55,900	52,875
Chair, Hearings Committee - Lorraine Hill	49,315	9,927	59,242	-	59,242	63,250
Bill Rossiter	49,315	2,687	52,001	-	52,001	50,416
Chair, Environmental Management Committee - Craig Brown	48,742	5,636	54,378	-	54,378	55,916
Chair, Regional Land Transport - John Bain	26,221	1,526	27,747	-	27,747	-
Chair, Catchment Management Committee - Joe Carr	26,221	6,951	33,172	-	33,172	-
Stan Semenoff <sup>2</sup>	14,051	429	14,480	-	14,480	47,500
Jim Peters <sup>2</sup>	9,515	1,974	11,489	-	11,489	36,357
	<b>418,138</b>	<b>39,180</b>	<b>457,318</b>	<b>22,000</b>	<b>479,318</b>	<b>457,888</b>

<sup>1</sup> Councillor Walker is also a director of Northland Port Corporation (NZ) Ltd.

<sup>2</sup> Local Government elections were held on 13 October 2007 and saw Cr Bain and Cr Carr elected to Council. Cr Peters retired from Council and Cr Semenoff was elected as Mayor of Whangarei.

## Salary

With the enactment of the Local Government Act 2002, the Remuneration Authority is responsible for setting the remuneration levels for elected members. The Council monetary remuneration (salary) detail above was determined by the Remuneration Authority.

## Non-salary

The determination issued by the Remuneration Authority also provides for the payment of hearing fees for those Councillors who sit as members on hearings of resource consent applications lodged under the Resource Management Act 1991. The fees for members who act in this capacity are paid at the rate of \$85 per hour for the Chair and \$65 per hour for other members of the Committee. The level of fees received by Councillors who have sat on resource consent hearings for the 2007-2008 financial year is included under the heading Monetary Remuneration - Non-salary.

Councillors are also able to claim an allowance for mileage. This allowance is also set by the Remuneration Authority and is paid to Councillors using their personal vehicle to travel from their normal place of residence to official Council meetings. The mileage allowance paid to Councillors is also included under the heading Monetary Remuneration - Non-salary.

## Key Management Personnel

Remuneration paid to key management personnel <sup>1</sup>

Council 30-Jun-08 \$	Council 30-Jun-07 \$
1,382,327	1,294,466

<sup>1</sup> Key management personnel include the Chair, Councillors, Chief Executive and other senior management personnel.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 31: Severance Payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees to the termination of their employment with Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions.

For the year ending 30 June 2008, the Council made severance payments to two employees totalling \$12,655 and \$39,000, respectively (2007: one employee, \$5,264).

## Note 32: Events after Balance Sheet Date

There were no significant events after balance date.

## Note 33: Segment Reporting

The Northland Regional Council is a public benefit entity and is therefore not required to present segment information under NZ IAS 14 (4.1) Segment Reporting. The Council's subsidiary, Northland Port Corporation (NZ) Limited, is an entity whose securities are publicly traded, and it will therefore present segment information in its own separate financial report.

## Note 34: Financial Instruments

### FINANCIAL ASSETS

#### Loans and receivables

Cash and cash equivalents (note 10)	10,789,158	10,480,085	11,532,989	18,152,250
Trade and other receivables (note 11)	3,202,954	2,366,851	4,328,661	2,889,054
<b>Total loans and receivables</b>	<b>13,992,111</b>	<b>12,846,936</b>	<b>15,861,649</b>	<b>21,041,304</b>

#### Financial assets at fair value through profit and loss

##### Other financial assets:

Term deposits, local authority and government stock	—	—	12,750,526	1,796,396
Listed shares	—	—	1,245,589	1,535,069
Advances	—	—	—	7,211,919
Trust-managed investment fund	—	—	74,789	347,619
Other	—	—	10,812,794	11,901,321
<b>Total financial assets at fair value through profit and loss</b>	<b>—</b>	<b>—</b>	<b>24,883,698</b>	<b>22,792,324</b>

#### Fair value through equity

##### Other financial assets:

Term deposits, local authority and government stock	22,893,628	22,005,229	22,893,628	22,005,229
<b>Total fair value through equity</b>	<b>22,893,628</b>	<b>22,005,229</b>	<b>22,893,628</b>	<b>22,005,229</b>

### FINANCIAL LIABILITIES

#### Financial liabilities measured at amortised cost

Trade and other payables (note 22)	3,434,406	2,875,854	4,120,881	3,502,616
<b>Borrowings:</b>				
Secured loans	—	—	250,000	6,500,000
Lease liability	—	—	44,633	34,254
<b>Total financial liabilities measured at amortised cost</b>	<b>3,434,406</b>	<b>2,875,854</b>	<b>4,415,514</b>	<b>10,036,870</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 34B: Financial Instrument Risks

### Maximum exposure to credit risk

Council's maximum credit exposure for each class of financial instrument are as follows:

	Council 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Cash at bank and term deposits	10,789,158	10,480,085	11,532,989	18,152,250
Debtors and other receivables	3,202,954	2,366,851	4,328,661	2,889,054
Term deposits, local authority and government stock	22,893,628	22,005,229	35,644,154	23,801,625
Derivative financial instruments assets	—	—	—	54,000
	<b>36,885,739</b>	<b>34,852,165</b>	<b>51,505,803</b>	<b>44,896,929</b>

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

#### COUNTERPARTIES WITH CREDIT RATINGS

##### Cash at bank and term deposits:

AA	10,789,158	10,480,085	11,532,989	18,152,250
<b>Total cash at bank and term deposits</b>	<b>10,789,158</b>	<b>10,480,085</b>	<b>11,532,989</b>	<b>18,152,250</b>

##### Term deposits, local authority and government stock:

A+	370,000	370,000	370,000	370,000
AA	16,998,628	16,110,229	16,998,628	16,110,229
A	1,500,000	1,500,000	1,500,000	1,500,000
AA-	600,000	600,000	600,000	600,000
Unrated	3,425,000	3,425,000	3,425,000	3,425,000
<b>Total local authority and government stock</b>	<b>22,893,628</b>	<b>22,005,229</b>	<b>35,644,154</b>	<b>23,801,625</b>

##### Derivative financial instrument assets:

AA	—	—	—	54,000
AA-	—	—	—	—
<b>Total derivative financial instrument assets</b>	<b>33,682,786</b>	<b>32,485,314</b>	<b>47,177,143</b>	<b>42,007,875</b>

The Council's primary investment objective is to protect capital value to minimise the risk of capital loss. Credit risk is minimised by setting maximum portfolio limits on each class of investment and specific limits on each investee. Where relevant, the minimum long term credit rating is A+.

The Treasury Management Policy allows Council to invest in unrated investments, if strongly recommended by expert financial advisers. Investments in unrated investments were undertaken in the 2005/2006 financial year. There have been no further investments in unrated institutions in the current financial year.

Council currently holds \$2.1M of investments with institutions who have a credit rating of A or A-. The Treasury Management Policy requires Council to reduce the credit exposure to zero (or minimise it by taking into account maturity dates and the costs of (losses on redemption). Council has sought independent investment advice and is continuing to monitor the credit worthiness of these investments.



# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 34B: Financial Instrument Risks continued

Debtors and other receivables mainly arise from Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables. Debtors and other receivables mainly arise from Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables.

### Contractual maturity of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings, based on the remaining period at the balance date to the contractual maturity date. \* The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$	Contractual Cash Flows \$	Less than 1 Year \$	1-2 Years \$	2-5 Years \$	More than 5 Years \$
<b>Council 2008</b>						
Creditors and other payables	3,434,406	3,434,406	3,434,406	—	—	—
<b>Group 2008</b>						
Creditors and other payables	4,120,881	4,120,881	4,120,881	—	—	—
Net settled derivative liabilities	—	—	—	—	—	—
Bank overdraft	—	—	—	—	—	—
Secured loans	250,000	255,001	255,001	—	—	—
Debentures	—	—	—	—	—	—
Finance leases	44,633	47,291	26,714	—	—	20,577
Finance guarantees	—	—	—	—	—	—
<b>Total</b>	<b>4,415,514</b>	<b>4,423,173</b>	<b>4,402,596</b>	<b>—</b>	<b>—</b>	<b>20,577</b>
<b>Council 2007</b>						
Creditors and other payables	2,875,854	2,875,854	2,875,854	—	—	41,154
<b>Group 2007</b>						
Creditors and other payables	3,502,616	3,502,616	—	—	—	—
Net settled derivative liabilities	—	—	—	—	—	—
Bank overdraft	—	—	—	—	—	—
Secured loans	6,500,000	7,163,882	—	7,163,882	—	—
Debentures	—	—	—	—	—	—
Finance leases	34,254	38,295	22,675	—	—	15,620
Finance guarantees	—	—	—	—	—	—
<b>Total</b>	<b>10,036,870</b>	<b>10,704,793</b>	<b>22,675</b>	<b>7,163,882</b>	<b>—</b>	<b>15,620</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 34B: Financial Instrument Risks continued

The table below analyses Council's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual, undiscounted cash flows.

### Contractual maturity analysis of financial assets

	Carrying Amount \$	Contractual Cash Flows \$	Less than 1 Year \$	1-2 Years \$	2-5 Years \$	More than 5 Years \$
<b>Council 2008</b>						
Cash and cash equivalents	10,789,158	10,846,317	10,846,317	—	—	—
Debtors and other receivables	3,202,954	3,202,954	3,202,954	—	—	—
Net settled derivative assets	—	—	—	—	—	—
Other financial assets:						
Term deposits, local authority and government stock	22,893,628	26,051,777	16,019,567	541,431	6,683,540	2,807,240
<b>Total</b>	<b>36,885,739</b>	<b>40,101,048</b>	<b>30,068,838</b>	<b>541,431</b>	<b>6,683,540</b>	<b>2,807,240</b>
<b>Group 2008</b>						
Cash and cash equivalents	11,532,989	11,590,148	11,590,148	—	—	—
Debtors and other receivables	4,328,661	4,328,661	4,328,661	—	—	—
Net settled derivative assets	—	—	—	—	—	—
Other financial assets:						
Term deposits, local authority and government stock	35,644,154	38,802,303	28,770,092	541,431	6,683,540	2,807,240
<b>Total</b>	<b>51,505,803</b>	<b>54,721,112</b>	<b>44,688,901</b>	<b>541,431</b>	<b>6,683,540</b>	<b>2,807,240</b>
<b>Council 2007</b>						
Cash and cash equivalents	10,480,085	10,602,762	10,602,762	—	—	—
Debtors and other receivables	2,366,851	2,366,851	2,366,851	—	—	—
Other financial assets:						
Term deposits, local authority and government stock	22,005,229	26,818,527	8,829,095	3,104,482	3,125,756	11,759,194
<b>Total</b>	<b>34,852,165</b>	<b>39,788,140</b>	<b>21,798,708</b>	<b>3,104,482</b>	<b>3,125,756</b>	<b>11,759,194</b>
<b>Group 2007</b>						
Cash and cash equivalents	18,152,250	18,209,409	18,209,409	—	—	—
Debtors and other receivables	2,889,054	2,889,054	2,889,054	—	—	—
Other financial assets:						
Term deposits, local authority and government stock	35,644,154	40,457,452	22,468,019	3,104,482	3,125,756	11,759,194
<b>Total</b>	<b>56,685,458</b>	<b>61,555,915</b>	<b>43,566,482</b>	<b>3,104,482</b>	<b>3,125,756</b>	<b>11,759,194</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 34B: Financial Instrument Risks continued

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

	2008				2007			
	+100bps Profit \$	Other Equity \$	-100bps Profit \$	Other Equity \$	+100bps Profit \$	Other Equity \$	-100bps Profit \$	Other Equity \$
<b>COUNCIL</b>								
<b>INTEREST RATE RISK</b>								
<b>Financial Assets</b>								
Cash and cash equivalents	107,892	—	(107,892)	—	104,801	—	(104,801)	—
Derivatives - held for trading	—	—	—	—	—	—	—	—
Derivatives - hedge accounted	—	—	—	—	—	—	—	—
Other financial assets:								
Term deposits, local authority and government stock	228,936	—	(228,936)	—	220,052	—	(220,052)	—
<b>Financial liabilities</b>								
Derivatives - hedge accounted	—	—	—	—	—	—	—	—
<b>Borrowings:</b>								
Bank overdraft	—	—	—	—	—	—	—	—
Term loans	—	—	—	—	—	—	—	—
<b>Total sensitivity to interest rate risk</b>	<b>336,828</b>	<b>—</b>	<b>(336,828)</b>	<b>—</b>	<b>324,853</b>	<b>—</b>	<b>(324,853)</b>	<b>—</b>

### Explanation of sensitivity analysis - Council

#### Cash and cash equivalents

Cash and cash equivalents include deposits, at call, totalling \$4,813,814 (2007: \$521,468) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$4,814 (2007: \$521).

#### Term deposits, local authority and government stock

A total of \$28,868,971 (2007: \$31,963,846) of investment in local authority stock is classified at fair value through equity. A movement in interest rates of plus or minus 1% has an effect of \$28,869 (2007: \$31,964) on the fair value through equity reserve.

#### Listed shares

Council holds listed equity instruments in Northland Port Corporation (NZ) Ltd, which are publicly traded and included in the New Zealand Stock Exchange. The Northland Regional Council's investment in the Northland Port Corporation (NZ) Ltd is carried at cost.

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 34B: Financial Instrument Risks continued

	2008				2007			
	+100bps Profit \$	Other Equity \$	-100bps Profit \$	Other Equity \$	+100bps Profit \$	Other Equity \$	-100bps Profit \$	Other Equity \$
<b>GROUP</b>								
<b>INTEREST RATE RISK</b>								
<b>Financial Assets</b>								
Cash and cash equivalents	181,523	—	(181,523)	—	115,330	—	(115,330)	—
Derivatives - held for trading	—	—	—	—	—	—	—	—
Derivatives - hedge accounted	—	—	—	—	—	—	—	—
Other financial assets:								
Term deposits, local authority and government stock	357,189	—	(357,189)	—	313,612	—	(313,612)	—
<b>Financial liabilities</b>								
Derivatives - hedge accounted	—	—	—	—	40,000	—	(40,000)	—
<b>Borrowings:</b>								
Bank overdraft	—	—	—	—	—	—	—	—
Term loans	(2,500)	—	2,500	—	(65,000)	—	65,000	—
<b>Total sensitivity to interest rate risk</b>	<b>536,212</b>	<b>—</b>	<b>(536,212)</b>	<b>—</b>	<b>403,942</b>	<b>—</b>	<b>(403,942)</b>	<b>—</b>
<b>FOREIGN EXCHANGE RISK</b>								
<b>Financial Liabilities</b>								
Derivatives - held for trading	—	—	—	—	—	—	—	—
Creditors and other payables	(56,486)	—	56,486	—	—	—	—	—
<b>Total sensitivity to foreign exchange risk</b>	<b>(56,486)</b>	<b>—</b>	<b>56,486</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>EQUITY PRICE RISK</b>								
<b>Financial assets</b>								
Other financial assets:								
Quoted share investments	112,833	—	(112,833)	—	134,364	—	(134,364)	—
<b>Total sensitivity to equity price risk</b>	<b>112,833</b>	<b>—</b>	<b>(112,833)</b>	<b>—</b>	<b>134,364</b>	<b>—</b>	<b>(134,364)</b>	<b>—</b>

### Explanation of sensitivity analysis - Group

#### Cash and cash equivalents

Cash and cash equivalents include deposits, at call, totalling \$5,557,445 (2007: \$8,193,433) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$557,745 (2007: \$819,343).

#### Term deposits, local authority and government stock

A total of \$35,718,943 (2007 \$31,361,163) of investment in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1% has an effect of \$357,189 (2007: \$313,611) on the fair value through equity reserve.

*Continued overleaf*

# Notes to the Financial Statements

For the Year Ended 30 June 2008

## Note 34B: Financial Instrument Risks continued

Explanation of sensitivity analysis - Group

### Interest rate risk

The Northland Port Corporation is exposed to changes in interest rate of its long-term debt obligations, as these are based on floating interest rates. To mitigate this risk, derivative interest rate swap contracts are periodically entered into under which the Group is obliged to receive interest at floating rates and to pay interest at fixed rates. At the end of the previous reporting period, the Group held interest rate swaps with a notional face value of \$4,000,000 which were not hedge accounted. As at 30 June 2007 these had a fair value of \$121,203 which was exposed to fair value movements if interest rates changed. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative hedging positions and the mix of fixed and variable interest rates. At 30 June, the Group was not party to any such transactions. (2007: - \$1.5M swap at 6.665% and \$2.5m sap at 6.98%).

### Creditors and other payables

The Northland Regional Council Community Trust has exposure to foreign exchange risk as a result of the transactions denominated in foreign currencies, arising from normal trading conditions and overseas investments within the investment portfolio. A 1% movement in the exchange rate will expose the Trust to an approximate change in value of the portfolio of \$56,486.

The Northland Port Corporation (NZ) Ltd's exposure to foreign exchange risk is considered to be minimal. Where relevant, this risk is managed through the use of forward foreign exchange contracts.

### Listed shares

Council holds listed equity instruments in Northland Port Corporation (NZ) Ltd, which are publicly traded and included in the New Zealand Stock Exchange. The Northland Regional Council's investment in the Northland Port Corporation (NZ) Ltd is carried at cost.

The Northland Council Community Trust holds an investment portfolio with a value of \$10,812,794 (\$2007: 11,901,321). The fund is held with Goldman Sachs JBWere (NZ) Limited. The fund contains investments in cash, NZ and offshore companies, NZ and offshore bonds and property. The portfolio is subject to fair value interest rate risk, cash flow interest rate risk and currency risk. As this is a long-term investment the cash flows from the investment are expected to be receivable in more than five years.

The Northland Council Community Trust's maximum credit exposure relates to investments within the investment portfolio. The investment portfolio is managed very conservatively, regarding credit risk, and in accordance with the Goldman Sachs JBWere revised Statement of Investment Policies and Objectives (SIPO) and, in particular, paragraph 6.6 of the SIPO, which states "All fixed interest investments must be invested within limits that have been divided into exposures against individual investors, and then a total exposure against the credit rating". Limiting exposures against both individual investors and credit ratings provides a platform to ensure adequate liquidity within the portfolio.

# *Council Policies*

Equal Employment Opportunities 124

Health and Safety 124

Policy on the Development Māori Capacity 125

Revenue and Financing Policy (Extract) 127

Treasury Management Policy (Extract) 128





## 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.

#### 2008 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 2008

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.

#### 2008 Programme

- 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 2008

Programmes and procedures to meet the above Health and Safety policy were in place and observed by all departments throughout the year. An external audit carried out by ACC in July this year approved continuation of tertiary standards in the ACC WSMP Programme for Northland Regional Council.

# Council Policies

## 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](http://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 that 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.

### Actual Service Performance to 30 June 2008

*Achieved:* Seats for Maori representation continued to be made available on the Planning and Policy, Regional Land Transport and Land Care Committees. During the year, the committee structure was changed for the Regional Land Transport and Environmental Committees. These committees offer cultural seats that are currently filled.

*Achieved:* Resource consent notification system maintained.

*Achieved:* The Council has decided to maintain the MOU that exists. At this stage, the Council has decided it will not be entering into any further MOU's.

*Achieved:* In regards to Settlement Acts, The Council has been (and will continue to be) working with the Crown and Settlement parties on possible redress packages where there it is anticipated that there may be an impact for Council.

*Achieved:* Iwi Planning Documents, the Council has and does accept Iwi planning documents when they are served on Council and uses them in regards to consent process and plan changes, although as yet this remains an informal process.

*Achieved:* the Council continues to make available funding for this via the Council's Joint Iwi Monitoring Fund. Te Pataka Matauranga of the Bay of Islands was successful in gaining funding to assist them with a joint project (Kaitiaki, ESR and NRC) for shellfish monitoring.

Two further possible projects were discussed but no applications received.

## Council Policies

### Policy on the Development of Māori Capacity continued

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

- 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 Kokiri 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 Service Performance to 30 June 2008

*Achieved.*

*Achieved:* The Council continues to work with Te Pataka Mātauranga on an ongoing project of shellfish monitoring in the Bay of Islands. Assistance was also provided to a group in order to gain funding via the Ngā Whenua Rahui Fund administered by Department of Conservation.

*Achieved:* Funding continues to be made available. This fund led to the initiative of seconding a policy analyst to Te Uri o Hau for one day a week over two months. This was to assist in the preparatory stages of gathering data for a cultural inventory and landscape paper that will be used in their Management Plan.

*Achieved:* The Regional Council continues to work with Te Puni Kokiri at the Chief Executive Level to establish a formal relationship.

*Achieved.*

*Partially Achieved:* The Council has decided not to continue with this approach, but rather pursue outcomes via the Council/Iwi Chief Executive Forum.

# Council Policies

## 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, or 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 distinct 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; and
- any other source.

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

### Funding Mix

Sources of Revenue	Annual Plan 2007-2008 Total Revenue \$	Annual Plan 2007-2008 Funding Mix %
Rates	8,633,097	42.1
Investments	8,284,453	40.4
Fees and Charges	2,436,900	11.9
Subsidies	556,386	2.7
Asset sales/capital transactions/other gains	586,891	2.9
<b>Total Revenue</b>	<b>20,497,727</b>	<b>100.0</b>

### Actual Performance 2007-2008

The requirement to record fair value changes to the income has altered the revenue ratios for the year ended 30 June 2008 against Revenue and Finance Policy targets, as follows:

Sources of Revenue	Actual 2007-2008 \$	Actual 2007-2008 %	Annual Plan %
Rates	8,817,468	35.7	42.1
Investments	9,785,739	39.6	40.4
Fees and Charges	3,394,760	13.7	11.9
Subsidies	528,209	2.1	2.7
Other gains	2,192,426	8.9	2.9
<b>Total</b>	<b>24,718,602</b>	<b>100.0</b>	<b>100.0</b>

# Council Policies

## 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 focus 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; and
- 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; and
- the 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, approved corporate bonds and deposits with New Zealand-registered banks.

#### Actual Performance 2006-2007

Interest yield at balance date:	8.5%
Average bank bill rate:	7.83%

### Equity Investments

The Council owns 52.4% 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 2007-2008

The dividend received of \$4,331,088 represents a return of 6.9% on a holding of 22.8 million shares with a capital value of \$62,686,811 million at balance date. This dividend included a special dividend of 10 cents per share resulting from the sale of the company's 50% interest in the Marsden Cove Waterway and marina joint venture.

### 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 methods of selling forests in the past Council has chosen the per tonne stump sale basis. Due to the unfavourable prices, there the forestry harvest planned for the 2007-2008 financial year was deferred.

#### Actual Performance 2007-2008

The value of the forestry investment has decreased this financial year by \$(319,483) to a value of \$1,366,200.

# Council Policies

## Treasury Management Policy (Extract) continued

### 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 2007-2008

The current market value of investment property and property held for sale increased this financial year by \$2,841,976 to \$50,178,000 (last year \$48,932,000) the increase represents and 8% over the 2007 net current market value, after taking into account the property sales made during the year. The return achieved was \$2,686,412 or 5.4% on the adjusted current value of \$50,178,000 at balance date.

### Northland Regional Council Community Trust

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

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

#### Actual Performance 2007-2008

Value at the end of the year is \$10,812,794 reduced from \$11,901,321 at 30 June 2007.

### 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 2007-2008

There has been no new borrowing during the 2007/2008 financial year. The policy has been complied with, in full, as illustrated:

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





# *Council Entities*

**Group Structure** 132

**Northland Port Corporation (NZ) Limited** 133

**Northland Regional Council Community Trust** 134

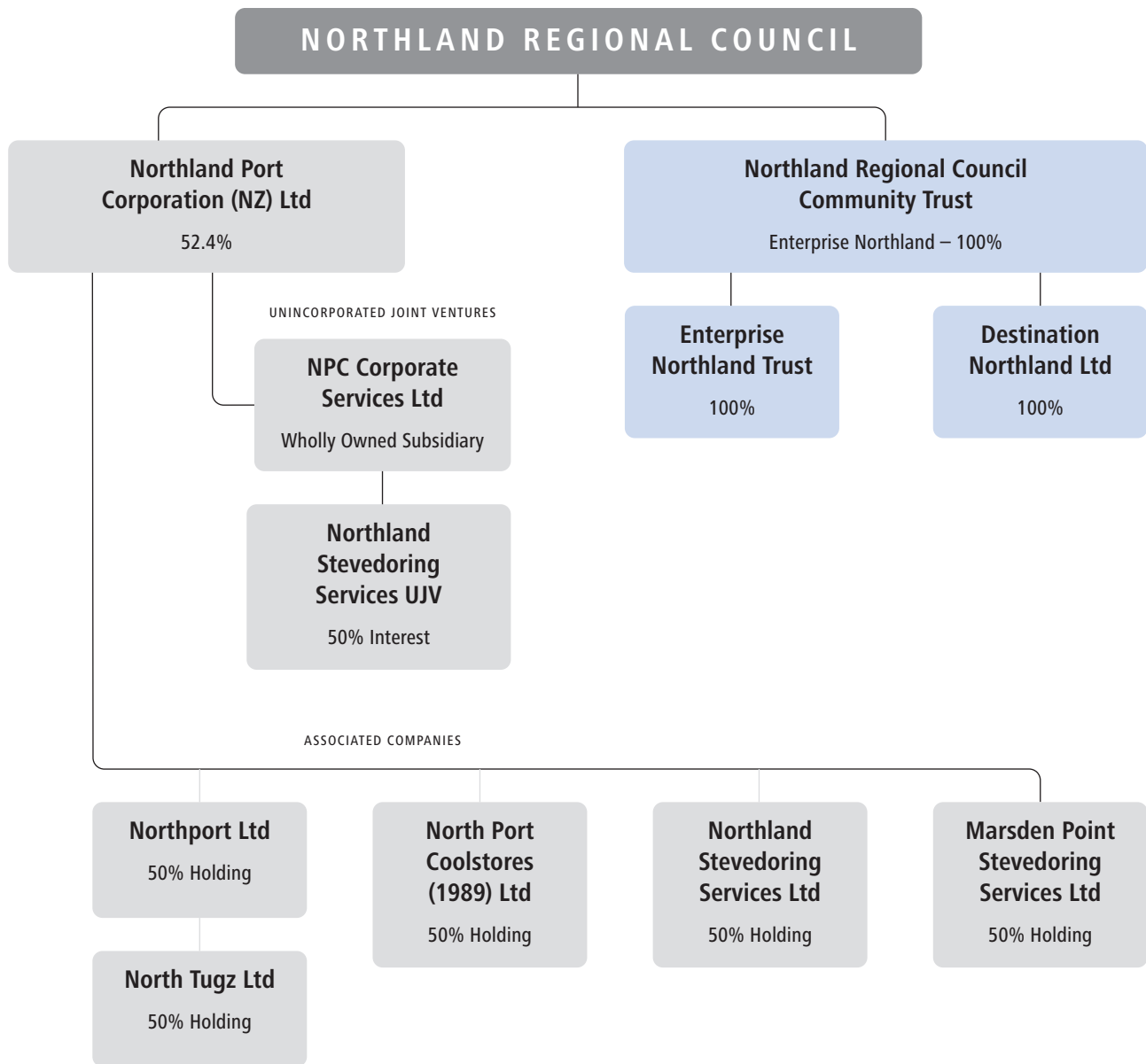
**Council Controlled Organisations** 135

Tai Ao

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NORTHLAND  
REGIONAL  
COUNCIL



## Group Structure



# Northland Port Corporation (NZ) Limited

## Port Ownership

The Northland Regional Council owns 52.4% (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 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 Northland Port Corporation (NZ) Limited. Two directors retire by rotation each year. The following are the directors confirmed at the 2007 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:

Company	Holding	Main Activity
Northport Limited	50.0%	Port Operating Company
Northland Stevedoring Services Limited	50.0%	Stevedores
North Port Coolstores (1989) Limited	50.0%	Coolstore Operators
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 and utilises the port at Marsden Point.

The groups shareholding in Marsden Cove Ltd and Marsden Cove Marina's Ltd were sold effective 30 September 2007.

## Company Financial Data

As a listed company, 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 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 \$10.8M at June 2008 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; and
- 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.

During the past financial year, the Council has initiated a review of the Trust. An overview of the outcomes of the review are as follows:

- to define successful economic development for the Northland region;
- to recommend an appropriate ownership and governance structure for the Trust;
- to recommend an appropriate organisational structure for the Trust; and
- to make recommendations on the operational and financial sustainability measures for the resulting organisation.

The final outcome of the review will be reported in the Annual Report 2008-2009.

## 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:

- Major Projects
- Company growth
- Investment
- Positioning Northland
- Economic Development with Maori.

## 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 also 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 2007-2008, 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; and
- encouraging new tourism investment in the region.

# 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

#### ■ Major Projects

*Performance Measure:* Investigate and secure funding to progress developments.

- Cape Reinga Project
- Iconic Walk Project
- Marine Engineering MRI Project
- Fibre Network Project

### Actual Service Performance

*Partly Achieved:* Cape Reinga – EN completed on behalf of the Project Control Group applications totalling \$12m to various funding organisations for the Interpretation Centre. Currently Stage 1 (carpark and replanting) is underway. Stage 2 (The Centre) is currently on hold.

*Not Achieved:* Iconic walk (Cape Reinga) on hold due to request from local Iwi. Currently investigating other options for Iconic Walk development, with strong possibilities for development in 2008-2009.

*Achieved:* Marine Engineering MRI – \$2 million central government funding secured by EN. Project commenced. Target of 100 new jobs 2008-2009 and 800 in year five.

*Not Achieved:* Fibre network – Identified business case capability needs. Applications for government assistance currently being prepared, so EN can assist Northland businesses take up applications.

### Detailed Targets

#### ■ Company Growth

*Performance Measure:*

- Identify and engage target companies
- Undertake planned exporter year programme
- Continue "Mentors New Zealand" mentoring programme.

### Actual Service Performance

*Achieved:* Relationship established with 40 companies and opportunities identified for growth and assistance. EN is assisting with individual development plans.

EN arranged specific Institute of Directors courses in Northland during the year. In total 19 participated in Kerikeri course. Another course due to be held in Whangarei in November.

*Achieved:* Export Year Programme Key Results:

- 76 companies given an export client assessment
- 21 companies have attended Exporter Education workshops
- 90 per cent of companies demonstrate specific actions to improve export performance
- Will monitor growth in 2008-2009.

*Achieved:* Increase mentor and company numbers - one new Mentor appointed with HR Expertise.



## 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

##### ■ Company Growth

###### *Performance Measure:*

- Investigate incubator/ innovation process for Northland.
- Manage “capability overview” project.
- Develop one-stop-shop concept for Northland business capability enhancement.

#### Actual Service Performance

*Partly Achieved:* Researched, with NorthTec appropriate models for incubation. Have identified Food incubator and are currently progressing the business case in partnership with Northland Food businesses.

*Partly Achieved:* Study completed, recommendations made. Awaiting NZTE funding to implement.

*Achieved:* Plan completed and Enterprise House concept underway.

#### Detailed Targets

##### ■ Investment

###### *Performance Measure:*

- Develop investment model (including governance and management mechanisms).
- Develop project plan for implementation.

#### Actual Service Performance

*Achieved:* Investment Strategy Plan completed.

*Achieved:* Consultation with local government and private sector completed. Due to be implemented from July 2008 with NZTE funding help.

#### Detailed Targets

##### ■ Positioning Northland

###### *Performance Measure:*

- Identify appropriate partners.
- Develop joint framework and allocate responsibilities.
- Identify all potential users and promotion points.

#### Actual Service Performance

*Achieved:* Key Partners identified and secured.

*Partly Achieved:* 50% completed by 30 June.

*Not Achieved:* Estimate complete November 2008.

## 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

##### ■ Economic Development with Māori

##### *Performance Measure:*

- Continue to develop relationships with Northland Iwi which will enable identified opportunities to developed.
- Identification & implementation of farm intensification opportunities on three Māori trust-owned farms.
- Increase participation of Māori students and encourage the number of Māori companies participating in the Young Enterprise Scheme.

#### Actual Service Performance

*Achieved:* Enterprise Northland has assisted various Northland Iwi to further develop their potential investment in the following:

- Hokianga Tourism Development.
- Kauri Coast Tourism.
- Medicinal Honey Production.
- Bio Oil production.

*Partly Achieved:* Two farm intensification projects identified and have commenced, one in Kaipara and one in Far North. EN has secured funding for advice.

*Partly Achieved:* Number of Māori students /companies participating in Young Enterprise Scheme:

- one company.
- > 60 students (77 last year).
- >10 E4E activities in Northland schools that target Rangitahi.

Full details on the service performance of the Northland Regional Council Community Trust can be found in the Trust's 2007-2008 Annual Report and the progress report on the implementation of the 2007-2011 Strategy for Economic Development in Northland.



### **Caring for Northland and its environment**

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

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