

Draft Annual Plan

2013/14



Putting Northland first

YOUR PLACE, YOUR SAY

This plan sets out the council's budgets for the 2013/14 year's work programme and the rates required to fund it. We need to know if we've got it right, so get involved and tell us what you think.

SUBMISSIONS CLOSE at 3pm on Thursday 21 February 2013

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

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

Northland Regional Council offices

WHĀNGĀREI: 36 Water Street, Whāngārei;
Private Bag 9021, Whāngārei Mail Centre, Whāngārei 0148;
Phone 09 470 1200, Freephone 0800 002 004, Fax 09 470 1202.

ŌPUA: Unit 10, Ōpua Marine Park, Ōpua 0200;
Phone 09 402 7516, Fax 09 402 7510.

DARGAVILLE: 61B Victoria Street, Dargaville 0310;
Phone 09 439 3300, Fax 09 439 3301.

KAITĀIA: 192 Commerce Street, Kaitiāia 0410;
Phone 09 408 6600, Fax 09 408 6601.

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FACEBOOK: www.facebook.com/NorthlandRegionalCouncil

TWITTER: www.twitter.com/NRCExpress

www.nrc.govt.nz

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Message from Chairman and Chief Executive

With no immediate end in sight to the tough economic times Northlanders have endured for several years now, your councillors remain committed to keeping costs as low as possible while delivering services to you. This has been at the forefront of our minds in developing this Draft Annual Plan.

While our rates remain low compared to most other regions, we recognise this is little comfort to those still struggling with the recession's effects.

In our Long Term Plan 2012–2022, general rates for the coming year had been projected to increase by an average of 6.45%. However, given the ongoing tough times, we took a second, very critical look at our figures and have managed to trim this to a proposed average increase of just 3% under this Draft Annual Plan.

Despite some cost-cutting, we have not compromised on the level of services we deliver on behalf of the region, and we will continue to build our Investment and Growth Reserve to support the region's economic development. Our ability to do this has been aided in part by a higher-than-anticipated return on our investments last financial year – we're proposing most of this windfall goes straight into reducing your rates.

Under this Draft Annual Plan we plan to stick to core business and have driven hard to find cost savings within the services we deliver. We'll also use some of our reserves for distinct, one-off costs – like the upcoming elections and the hearing costs associated with the Proposed Regional Policy Statement – again in a bid to smooth the impact of rate increases.

Of course, keeping expenditure to a minimum does have some consequences and one of these is that we're not proposing to allocate funds towards any new public requests for funding in the coming year.

However, our Long Term Plan, adopted in June 2012, does set out an agreed work programme for the next decade and we intend to continue that, including the grant funding already committed.

In line with the Long Term Plan, our key areas of focus for 2013/14 will be improving Northland's freshwater management (under our Waiora Northland Water programme), implementing the new Regional Policy Statement, investing in economic opportunities for Northlanders, and delivering a programme of flood protection works.

The flood protection works programme for the coming year includes major capital works in Whāngārei, Kaeo,



and Awanui; continuing to prepare for works in the Kerikeri, Waipapa and Wairoa River catchments; plus our ongoing maintenance, minor work and improvement programmes.

Local government reform is currently high on the Government's agenda, and parliament has passed legislation to amend the purpose of local government.

Councils are still required to enable democratic local decision-making and action by, and on behalf of, communities. However, our other purpose – to promote the four well-beings – has been removed and replaced with achieving cost-effective good-quality local infrastructure, local public services and regulatory functions. It remains to be seen whether we will receive guidance from Government about how we should interpret the new purpose and marry it with enabling democratic local decision-making. We will need to adapt to anything we receive, including your submissions, as we go.

The amended legislation is also intended to make local government reorganisation easier. We agree that changes need to be made to the local governance arrangements in Northland to deliver better governance and services to you. However, we believe that change should be community driven, so we have been reluctant to enter the debate early before we knew what the new law would look like and what options would be available to communities. Now the law is in place, we look forward to engaging with individuals and

communities of interest within the region before we engage with the Local Government Commission, Ministers, and others on reform.

We are also looking forward to our new representation arrangements being in place for the 2013 local body elections. Our representation review recognised that Northland needs a more equitable governance structure that embraces diversity. We have endeavoured through the review to transform the council into a body more connected with its communities, more engaged with its people and more representative of the myriad of different needs and priorities of our region.

As we consult on this Draft Annual Plan, the Local Government Commission will be considering the objections and appeals that have been lodged on our Final Proposal but we are confident that changes will occur.

If the Final Proposal is accepted then this would drop the existing representation model – which is based on the region’s three district council boundaries – and

replace it with seven smaller constituencies served by nine councillors. That’s one more councillor than we have currently but all nine will be paid from the same salary pool currently allocated to eight. Final decisions will be made by the Local Government Commission in April 2013.

This year’s Draft Annual Plan is one in which we have worked hard to reflect the economic challenges felt by many of our households. We urge you to take this opportunity to comment on the Draft Annual Plan 2013/14 and tell us whether you think we’ve got it right.



Craig Brown
Chairman



Malcolm Nicolson
Chief Executive Officer

Your councillors



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About this Draft Annual Plan

This Draft Annual Plan 2013/14 outlines the council's proposed budgets and rates for the coming year's activities.

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

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

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

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

Key changes from the Long Term Plan

Lower-than-projected general rates

Under the Long Term Plan, a 6.45% increase in general rates had been projected for 2013/14. We have now managed to cut that by more than half, to a proposed increase of just 3% for the year.

We can achieve this by using extra investment income we have received, plus looking closely at our budgets for further cost saving opportunities.

Currently the council's investment income is split between funding council operations and the Investment and Growth Reserve (to be used for economic development projects). Our investment income has been higher than forecast in the Long Term Plan, and council has continued to split it on the same basis – that means 70% of the additional income will go into council operations (effectively a rates subsidy), and 30% will go to the Investment and Growth Reserve.

The cost savings we have identified should not compromise what we have committed to deliver in our Long Term Plan. Some of the savings will be offset by a higher provision for 'doubtful debt' (\$250,000 primarily relating to non-payment of rates). However, overall savings would still be about \$386,000 (or about 3% of the general rate).

Local Government reform

In March 2012, the government announced its eight point reform programme for local government. The reforms "are aimed at providing better clarity around the role of councils, stronger governance, improved efficiency and more responsible financial management" (Department of Internal Affairs website).

Since then the Local Government Act Amendment Bill has been introduced, debated and passed by Parliament.

The council, like many others, made submissions on the Bill. Our key messages were:

- Keep the purpose of local government as it is – that is maintaining the focus of local government on community wellbeing (economic, environmental, cultural and social).
- Ensure that future reform of local government meets community needs. We asked for flexibility in the models for local government, noting that one size fits all models rarely deliver optimum solutions. We asked instead, the government loosen the reins and allow the Local Government Commission to come up with the best local government structure for local communities – and in particular the Northland community.
- Ensure that in any reform of local government, that there is both local democracy and a regional entity central government can deal with, that can address integrated strategic planning and cost effective service delivery.

It was very important to us that any future reform did not undermine the ability of Northland's councils, and our successors, to improve the lot of Northlanders, to get and maintain the infrastructure we need, and to invest where we need to.

In December 2012, as the Local Government Act Amendment Bill became law, the purpose of local government changed. While we still exist to enable democratic local decision-making and action by, and on behalf of, our regional communities the requirement to promote the four well-beings has been removed.

We believe that by delivering the activities contained in the Long Term Plan 2012–22 we have enabled and are responding to democratic local decision making. This Draft Annual Plan, the feedback we receive on it and the actions we take as a result will be in keeping with this limb of the purpose of local government. It remains to be seen whether we will receive guidance from government about how we should interpret the new requirement to cost-effective good-quality local infrastructure, local public services and regulatory functions and how this is to be reconciled with community aspirations that may be wider than this. We will need to adapt to anything we receive as we go and we look forward to hearing the views of the communities of Northland as we consult on this Draft Annual Plan.

The amendment has also defined the options for local government reform, and the potential for community councils or local boards with a regional tier is not going to be possible for Northland without special legislation.

Despite our disappointment that the full suite of governance models will not be available to Northlanders under the current law, during 2013 we will engage people in Northland in a conversation about the principles of governance, which local governance arrangements they think will work best for Northland, and how the regional council should respond to any proposals to reform local government in Northland.

We know the current situation is not working as well as it could be and that Northland's local governance is ripe

for change. However we think this change should be community driven, and we have not therefore proposed or injected a preferred solution into the debate. We look forward to talking with individuals and various communities of interest within the region and hearing their views before we engage with the Local Government Commission, Ministers, and others on reform.

As we deliberate and adopt the Annual Plan 2013/14 the landscape for local government reform, governance and service delivery in Northland will be clearer. We will also have had an opportunity to hear your views and we will continue to advocate on behalf of all Northlanders.

New rating policies for Kaipara District ratepayers

The Kaipara District Council has indicated to us that it intends to revise its policy for rate remissions and the postponement of rates. The revised policy will be included in the Kaipara District Council's Draft Annual Plan which will be available for public consultation in March/April 2013. We encourage Kaipara residents to get involved in the district council's submission process.

Our rates are collected by the three district councils on our behalf, to achieve efficiencies. Historically we have adopted the rates remissions and postponement of rates policies of the district councils for each district and we intend to continue this practice.

Overview – our strategic direction

Council's strategic direction

Over the 2013/14 financial year we aim to continue delivering our existing programmes and strategies, increase our involvement in economic development and implement new government policies as outlined in the Long Term Plan 2012–2022.

Our efforts in economic development will focus on funding projects that will increase jobs in Northland, increase the average weekly household income of Northlanders and increase the GDP of Northland. These projects will be funded from the Investment and Growth Reserve (which was established under the Annual Plan 2011/12 and is funded from our investment income). Applications for funding are being administered by Northland Inc (a council-controlled organisation).

In 2011/12 we started to transition our investment income away from funding operations. In the Long Term Plan 2012–2022 the council decided on a ten year transition; that means in 2013/14 70% of the council's investment income will still fund operations and 30% will go into the Investment and Growth Reserve to fund economic development projects. Eventually the reserve will receive all of our investment income (approximately \$6.7 million yearly). Our other key focus areas include:

- **Waiora Northland Water – improving Northland's freshwater management.**

Water is one of Northland's most precious natural resources and much of council's work revolves around it. Our rivers and streams, lakes, aquifers and wetlands are important to us for our survival and economic prosperity. They provide important habitats for a range of plants and animals and have cultural and historical value to Northlanders.

Waiora Northland Water incorporates our water quality work, including the government's new direction for improving the management of the region's freshwater lakes, rivers, aquifers and wetlands, and it has given us an extra impetus to make some changes for the benefit of the region.

During 2013/14 we will continue to work within our priority catchments and set new objectives with associated quality and allocation limits.

Catchments have been prioritised on the basis of known issues, and we will continue incentivise and develop existing good management practices, and develop programmes and set objectives, limits and flows for the most urgent water bodies first.

- **Developing and implementing the new Regional Policy Statement for Northland.**

This is arguably our most important planning document as it sets out how the region's natural and physical resources will be managed. With this document, we aim to enable development and economic and social improvements, but also safeguard environmental bottom lines, Northland's special places and the things we – and those who will come after us – value.

We are currently completing the formal consultation process on the Proposed Regional Policy Statement, which was notified for public submissions in October 2012. This represents the culmination of a process that began more than three years ago and has involved input from a wide range of individuals and groups along the way.

We aim to have a council decision on the Proposed Regional Policy Statement around the start of the 2013/14 year. It is likely that, given the scale and scope of the Proposed Regional Policy Statement, some decisions will be appealed. Appeals will affect the timing of when the whole Regional Policy Statement will have legal force.

- **Flood protection improvements.**

We are committed to working through the 27 identified priority rivers and implementing flood protection works where economically viable. In 2013/14 the new Whāngārei detention dam will be built and design work for capital works on the Kerikeri–Waipapa and Awanui River Flood Management Schemes will be progressed.

For more information, see the section *Our activities* from page 41 of this plan. There is also more detail in our Long Term Plan 2012–2022 which is available on our website: www.nrc.govt.nz/ltp

Summary of council's financial strategy

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

The biggest driver for rate increases over the next eight years as a consequence of this financial strategy is the transition of our investment income away from funding operations. Several large river management projects also contribute to rate increases in targeted geographic

areas (in Whāngārei, Kaeo, Kerikeri – Waipapa and potentially for Awanui).

In a bid to balance the demand on our resources and keep rates as affordable as possible we have also implemented the following decisions:

- Last year we slowed the transition of the investment income from five years to 10 years.
- We will fund distinctive and one-off costs from the Forestry Income Equalisation Reserve to smooth rates increases.
- We will use the Investment and Growth Reserve, rather than rates, to fund our economic development activities (finding, facilitating and delivering suitable projects).

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

Council's financial policies

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

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

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

www.nrc.govt.nz/ltp

About our consultation

Consultation on this Draft Annual Plan runs from 19 January to 21 February 2013. This is your chance to have your say on the council's budget and activities for 2013/14, so get involved and tell us what you think.

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

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

How to make a submission

Submissions close at 3pm on Thursday 21 February 2013. You can:

- Fill in a form online at www.nrc.govt.nz/haveyoursay
- Email us at mailroom@nrc.govt.nz
- Write to us and post it to: Northland Regional Council, Annual Plan Submission, Freepost 139690, Private Bag 9021, Whāngārei 0148
- Fill in the submission form on page 9 (or in the summary) and post or scan/email it to us
- Visit us at our regional offices or phone us (0800 002 004) and we will record your submission.

Where to find more information

Full Draft Annual Plan 2013/14, Summary Draft Annual Plan 2013/14, and Long Term Plan 2012–2022

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

More about our activities, strategies and policies

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

Key consultation dates

19 January 2013	Public consultation begins
21 February 2013	Public consultation ends – submission period closes
27 February 2013	Letters advising hearing appointments sent out
11 March 2013	Submission hearing in Dargaville
12 March 2013	Submission hearing in Kaikohe
13 March 2013	Submission hearing in Whāngārei
26 March 2013	Council meeting to make decisions
16 April 2013	Council meeting to adopt final Annual Plan and set rates for 2013/14

Submission form

Northland's Draft Annual Plan 2013/14



Submitter details (please print clearly)

First name:	Surname:	Mr	Mrs	Ms
Organisation (if applicable):				
Postal address:				
Email address:			Post code:	
After hours telephone:		Business hours telephone:		

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

Draft Annual Plan 2013/14 Submission Northland Regional Council Freepost 139690 Private Bag 9021, Whāngārei Mail Centre Whāngārei 0148	Online: www.nrc.govt.nz/haveyoursay Fax: 09 470 1202 e-mail: mailroom@nrc.govt.nz
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Submissions should reach the council by 3.00pm, Thursday 21 February 2013.

Submissions received after 3.00pm are considered "late submissions" and are considered at the council's discretion.

Would you like to attend a hearing to tell councillors in person more about your views? Please ✓

The hearings of submissions will be held between 11–14 March 2013

<input type="checkbox"/>	I DO NOT wish to appear in support of my submission
<input type="checkbox"/>	I DO wish to appear in support of my submission

Please ✓ your preferred hearing venue – see page 8 for hearing dates

Whāngārei		Dargaville		Kaikohe	
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Your submission:				
I support/oppose				
Because:				
I support/oppose				
Because:				
How did you find out about this consultation on the Draft Annual Plan 2013/14? (please circle options)				
Word of mouth	Community Group	Newspaper	Email alert from us	Twitter/Facebook
Council website	Radio advertising	Letter from us		

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

Signature: _____ Date: _____

Council's objectives and vision

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

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

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

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

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

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

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

Our vision

Creating a region of choice

Our motto

Putting Northland first

Our mission

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

Our values

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

Our values in action

Put our community and region first

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

Be a champion for our natural environment

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

Be forward-thinking and innovative

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

Be flexible and open

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

Be responsive and deliver value

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

Be professional and accountable

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

Work with others

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

**Whatungarongaro he tangata toitu te
whenua – Mankind passes on but the
earth remains for all eternity**

E rua ano nga hua e kite ana e te tāngata i te wā e ora ana e ia i runga i te mata o te whenua.

Ko nga mea na Te Atua i hanga, me nga mea na te tāngata ano i hanga.

Ta Te Atua i hanga ai, he taonga, he mea tapu, tapu rawa, mei ata tiaki marika, mehemea ngaro ai, ka ngaro mo ake tonu atu.

Ta te tāngata i hanga ai, he taputapu noa iho māna, ka whakamahia, ka whakapaua, ka whakarerea, e taea noa iho te whakahoua.

During a person's time on earth, he or she will see only two things; things created by the hand of God and things manufactured by the hand of man.

Things created by the hand of God are of divine creation and are given the sacred description of Taonga. Being most sacred, they must be protected at all costs for once lost, they are lost forever.

Things manufactured by the hand of man are personal belongings and are for his or her convenience only. As such, they are usable, consumable, disposable and replaceable.

Financial overview

Operational spending

Council is forecasting \$27.5 million of operational expenditure to support service delivery in 2013/14.

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

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

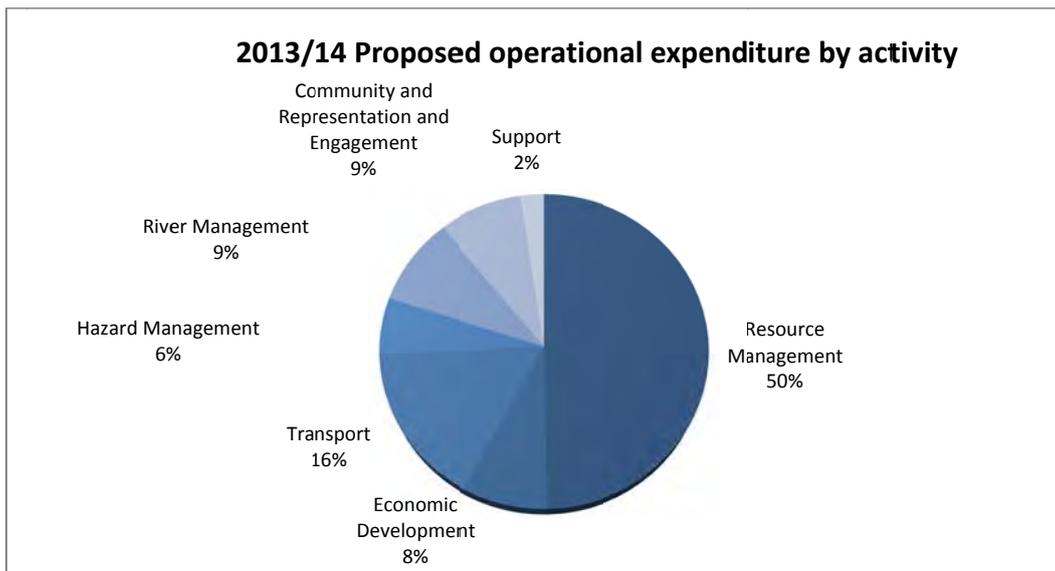
We administer Whāngārei and Kaitiāia’s urban bus services and help plan the region’s transport network,

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

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

In 2013/14 the Resource Management group of activities accounts for the largest portion of operating expenditure (50% of the \$27.5 million). The activities within the Resource Management group include consents, monitoring, land and biodiversity, resource management planning and biosecurity.

The operating expenditure for each activity group and the proportion that this comprises of councils total operating expenditure for 2013/14 is set out in the graph below.



Capital spending

The total capital expenditure funding requirement for 2013/14 is \$7.7 million – the Whāngārei detention dam accounts for \$6.4 million of this. Our capital expenditure also includes \$558,000 for the cyclical replacement of plant and equipment; \$416,000 for information technology; \$310,000 for vehicle replacement; and \$53,000 for the Awanui River Flood Management Scheme.

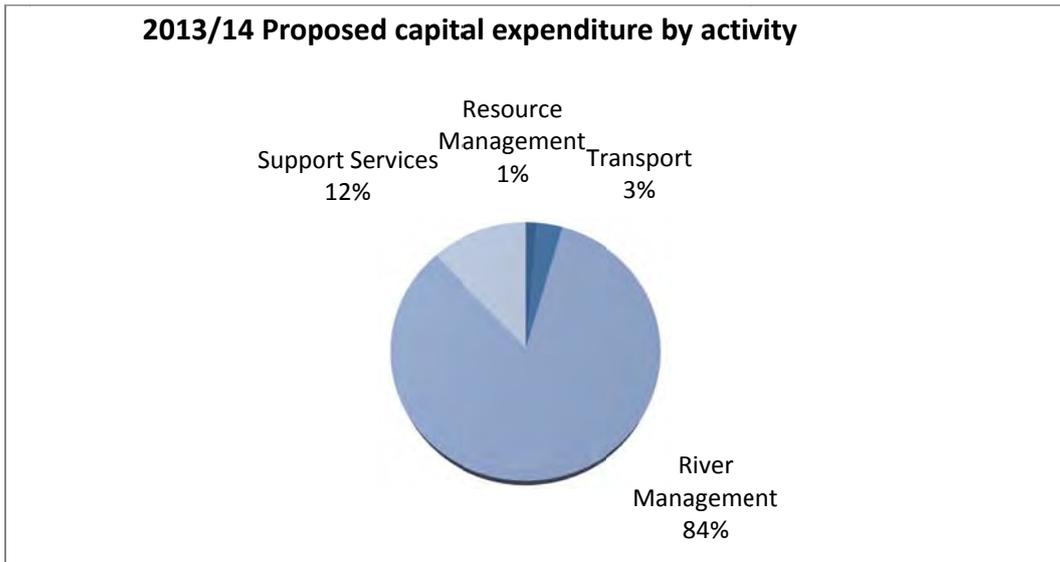
Proposed new capital expenditure does not include any proposed carry-forwards or unspent capital expenditure from the current financial year. At the end of the

current financial year a review will be carried out of ongoing projects where capital expenditure remains unspent and where appropriate a proposal will be put to the council’s Audit and Finance Committee, requesting capital funding to be carried forward into the 2013/14 financial year to enable projects to be completed.

The capital expenditure for each activity group and its proportion of council’s total capital expenditure for 2013/14 is shown in the table and graph on the following page.

Proposed capital expenditure for 2013/14 by activity

Group of activities	Long Term Plan forecast for 2013/14 (\$)	Proposed Draft Annual Plan 2013/14 (\$)
Resource Management	89,082	99,082
Transport	286,553	242,451
Hazard Management	2,064	6,250
River Management	6,459,968	6,459,968
Support	880,296	930,456
Total	7,717,964	7,738,207

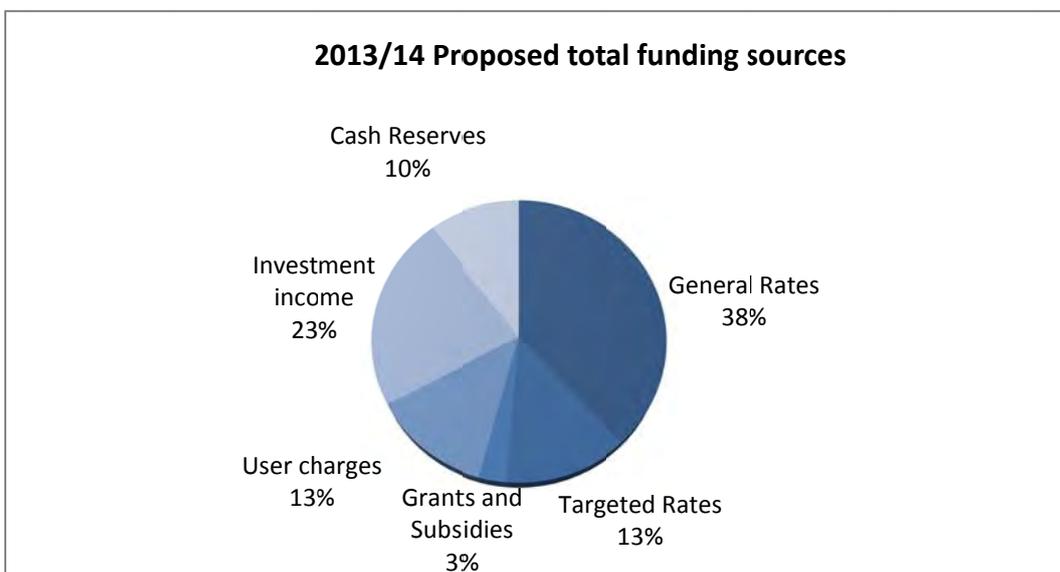


Sources of funding for council activities

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

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

The graph below summarises council's proposed funding mix for 2013/14. For a full breakdown of our funding sources, see page 17.



Rate requirements

Under the Draft Annual Plan for 2013/14, general rates will typically increase by 3%. On average that is about \$5 including GST a year. The continuing policy of transferring our investment income from subsidising rates and into economic development is the biggest driver behind the rates increase signalled in this draft plan.

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

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

Proposed rates for 2013/14

	Far North (per SUIP) incl. GST	Kaipara (per RU) incl. GST	Whāngārei (per SUIP) incl. GST
<i>(Assuming Land Value is \$225,000, and excluding River Management Rates)</i>			
Council Services Rate	\$93.75	\$100.13	\$107.96
Land Management Rate	\$61.04	\$65.08	\$69.86
Regional Recreational Facilities Rate	\$5.75	\$5.75	\$28.75
Regional Infrastructure Rate	\$6.93	\$7.47	\$8.01
Rescue Helicopter Service Rate	\$8.18	\$8.18	\$8.18
Transport Rate (Whāngārei District)			\$12.64
TOTAL (incl. GST)	\$175.65	\$186.60	\$235.40

Revenue from the Regional Infrastructure Rate is proposed to increase by 3%, representing an average increase of about \$0.23 including GST per ratepayer.

The Whāngārei Urban Rivers Management Rate has been increased to the levels signalled for the 2013/14 financial year in our Long Term Plan 2012–2022. The funds collected from this targeted rate will fund the

construction of the detention dam. The other River Management Rates remain largely unchanged from the 2012/13 financial year.

The Whāngārei and Kaitiāia transport rates have increased slightly to cover the costs of rates remissions and administering these two bus services. The proposed increases are \$0.52 (including GST) per annum per ratepayer for the Whāngārei bus service, and \$2.10 including GST annum per annum for ratepayers located near the Kaitiāia bus route (identified in the map on page 21).

User fees and charges

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

It is proposed to increase the hourly staff charges and other fees across most activity areas by approximately 1.8%, in line with inflation-related cost increases.

Proposed budget compared to Long Term Plan forecasts

Operating revenue

Under this Draft Annual Plan our proposed revenue take forecast is \$30,761,178.

This is about \$357,000 less than our Long Term Plan forecast of operating revenue for the 2013/14 year, which was \$31,118,492.

The main reasons for the 1.2% decrease are:

- A lower proposed annual general rate increase of 3% included in this plan (compared to a 6.45% increase forecast in the Long Term Plan). This results in general rating income reducing by \$504,000.
- Our projected income from dividends is \$664,000 higher than originally forecast in the Long Term Plan. A \$0.065 per share dividend was projected in the Long Term Plan; however the dividend was revised in this Draft Annual Plan to \$0.095 per share.
- Grants and subsidies are \$359,000 lower than forecast in the Long Term Plan. This is mainly due to the reduction in subsidies received from the New Zealand Transport Agency and the removal of the Department of Conservation's Bio-Condition subsidy funding.
- Interest income is \$223,000 lower than forecast in the Long Term Plan. This is mainly due to the returns generated from the Community Investment

Fund being reviewed and adjusted to reflect the interest rates prevailing in the current market.

Operating expenditure

Under this Draft Annual Plan our proposed spending forecast for the coming year is \$27,530,777.

This is about \$375,000 less than our Long Term Plan forecast of operating expenditure for the 2013/14 year, which was \$27,905,912.

The main reasons for the 1.3% decrease are:

- Reduced expenditure on our Transport activity work due to decreased level of New Zealand Transport Agency subsidies being received.

- Reduced expenditure on the Bio-Condition fund projects.
- Reduced operational expenditure resulting from a comprehensive review of council's operations, which has identified \$386,000 of cost reductions across a range of council activities.
- An increase of \$250,000 for the provision for doubtful debts on rates arrears, bringing the total provision to \$508,000.

Capital expenditure

This Draft Annual Plan forecasts our capital expenditure at \$7,738,207 for the coming 2013/14 year. This is in line with what was originally forecast in our Long Term Plan (that is, \$7,717,964 for 2013/14).