

Annual Report 2013



Putting Northland first

Directory



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Contents

Chairman and CEO's foreword	2	Financial statements	72
Governance structure	4	Consolidated statement of comprehensive income	73
Council management structure	5	Consolidated statement of changes in equity	76
Your regional councillors	6	Consolidated statement of financial position	77
Council committees and advisors	7	Consolidated statement of cashflows	80
Council objectives	9	Reconciliation of net surplus to the cashflows from operations	81
Our activities – what we do	10	Statement of accounting policies	82
Our year in review	12	Notes to the financial statements	96
Building Māori capacity	15	Council policies	147
Our region	17	Human resources	148
Financial highlights	20	Equal employment opportunities	148
Compliance statement	24	Health and safety	149
Audit report	25	Training and experience	149
Council activities	28	Council entities	150
Funding Impact Statement for Northland Regional Council	29	Group structure	151
Resource management	31	Northland Port Corporation (NZ) Limited	152
River management	44	Northland Inc. Limited	153
Economic development	49	Regional Software Holdings	156
Hazard management	54		
Transport	59		
Community representation and engagement	65		
Support services	70		

Chairman and CEO's foreword

Ko te mea tuatahi, kia wehi tonu atu kia Ihoa, te timatatanga me te whakaotinga mai o nga mea katoa e tumanakohia nei tatou i runga i te mata o te whenua.

Whaimuri atu i tena, ka huri ake nga whakaaro ki o tatou maha mate e hinga mai nei, e hinga atu ra i runga i o tatou mara maha, mai Tamaki ki Te Rerenga Wairua puta noa te motu.

Ko te kupu mo ratou, haere koutou e nga mate, haere, haere, haere. Haere ki tua o Rehua, ki te huinga o te kahurangi. Haere, hoki atu koutou ki to tatou Kaihanga, ki te kainga tuturu mo tatou mo te tangata.

E moe ra koutou, e moe, e moe i roto i Te Ariki.

Ka hoki mai nga korero ki waenganui i a tatou te kanohi ora tena koutou, tena koutou, tena koutou katoa.

The 2012/13 financial year has been a period of both opportunities and challenges for Northland Regional Council.

Local government reform once again became a hot topic for the whole of Northland, after Far North District Council's unitary authority proposal triggered a Local Government Commission process to look at local government across the region.

Within the commission's very limited timeframe for alternative proposals, this council engaged with as many individuals and communities as time would allow, to ensure our own position on local government reform reflects the community's views.

The commission is yet to make a determination about its preferred option, so potential reform will remain high on the agenda for the coming year and council is committed to keeping the community informed throughout the process.

This year saw the establishment of Waiora Northland Water, a major new long-term programme which brings together council's new and existing work to improve the quality and management of our lakes, rivers, aquifers and wetlands.

The programme's collaborative approach will look at freshwater at a local level – starting with top-priority areas – and bring together local iwi/hapū, community members and organisations to help decide how the different areas will be managed.

Development of our new Regional Policy Statement – a significant, multi-year project – reached some key milestones over the past year. The Proposed Regional Policy Statement was notified in October 2012 and attracted nearly 900 submissions. A subsequent five-week hearings period during May-June 2013 saw the year end with independent commissioners ready to start shaping their final recommendations to council.

It was a challenging year on the pest management front with the unwelcome discovery of Mediterranean fanworm on several boat hulls in Whāngārei Harbour. The council spent around \$250,000 on its response to this internationally recognised pest during 2012/13, and further resourcing is committed over the coming two years.

During 2012/13 we published our five-yearly State of the Environment Report. This looks back on the environmental trends and changes over the 2007-2011 period and helps us understand the effectiveness of our environmental policies and programmes. As expected, the report shows there are positive highlights and also areas to be worked on.

Our overall financial position remains in good shape, in line with our strategy to maintain a strong balance sheet and have no external debt. Thanks in part to a higher-than-anticipated return on our investments, we were able to set an average rates increase of 3% for 2013/14 – less than half the increase projected under the Long Term Plan 2012-2022.

An ongoing financial challenge we face is that of unpaid rates which impacts on the pool of money we collect in order to operate. Typically council receives more than 90% of actual rates struck each year – despite best efforts to collect the rates – leaving an annual shortfall of rate arrears. As this shortfall is growing annually, it makes sense to create a provision for 'doubtful debts', effectively enabling us to factor uncollected rates into our annual budgeting.

Finally, the 2012/13 year saw new representation arrangements come into effect that will change the way Northlanders are represented at the council table. Instead of eight regional councillors being elected from three areas, there will be nine councillors elected from seven, smaller constituencies.

The October 2013 local body elections will be the first time we see this new model in action, and we look forward to our region's communities being better reflected and represented as a result.

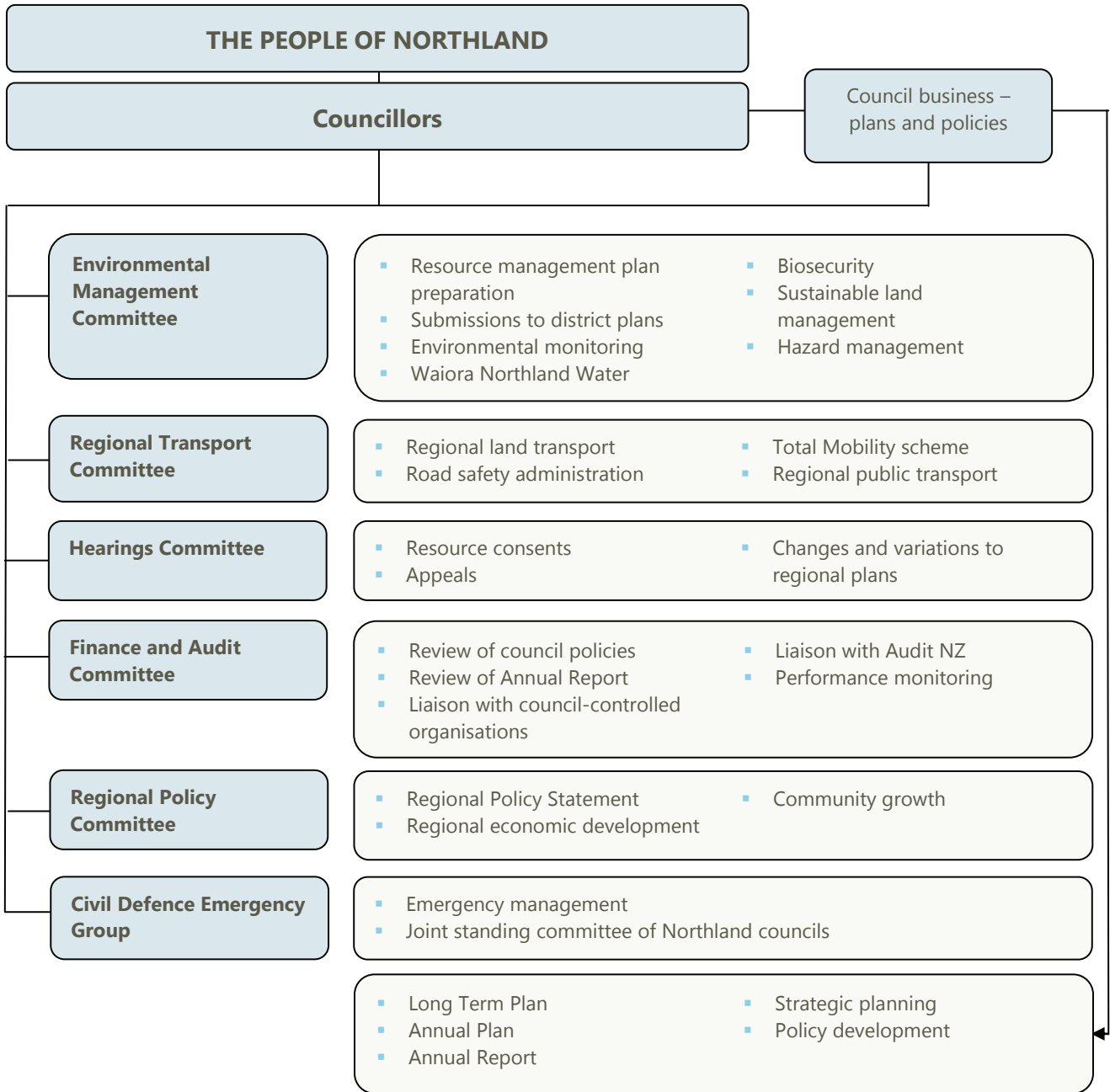


Craig Brown
Chairman



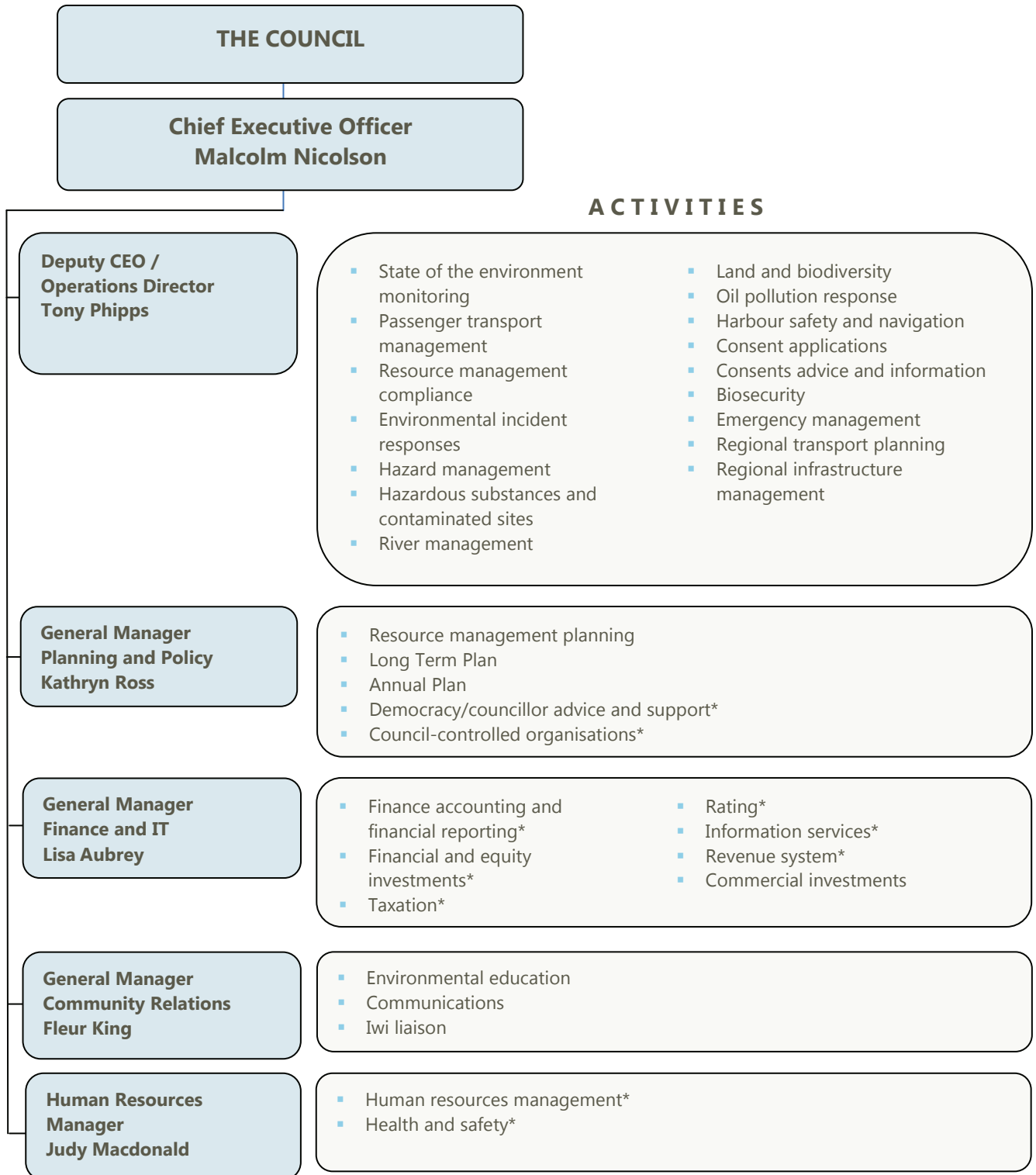
Malcolm Nicolson
Chief Executive Officer

Governance structure



Full details of all council's governance arrangements and processes are contained in its Governance Statement. A copy of this is available on request or by visiting our website: www.nrc.govt.nz/governance

Council management structure



* Activity support services

Your regional councillors



Craig Brown – Chairman

Whāngārei constituency
Phone: 09 432 7575
Email: craigb@nrc.govt.nz

Craig Brown is a former councillor of the Whāngārei District Council. He served there for 12 years, six of those as Mayor. He is now in his third term on Northland Regional Council and third term on Northland District Health Board. He has been heavily involved in education through boards of trustees and Northland Polytech. He is a former policeman, real estate salesperson, property developer and farmer.



Graeme Ramsey

Kaipara constituency
Phone: 09 439 7022
Email: baylys@igrin.co.nz

Graeme Ramsey returned home to Dargaville after a management career overseas. He served six years as Mayor of the Kaipara district and has continued his career in New Zealand as Chief Executive Officer and Director of commercial and not-for-profit national organisations. Cr Ramsey has degrees in Geography, Sociology and a Masters in Business Administration. He lives at Baylys Beach with his wife Josie.



John Bain – Deputy Chairman

Whāngārei constituency
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, Northland Emergency Services Trust (NEST). A member of Northland District Health Board, Cr Bain has had a 35-year involvement with Northland Ambulance Service, including many years as its chairman. Cr Bain has been self-employed since his early twenties and is currently in the importing business.



Bill Rossiter

Whāngārei constituency
Phone: 09 437 2807
Email: brossiter37@gmail.com

Bill Rossiter is serving his fifth term on the regional council. He previously served as a Whāngārei district councillor. He is a Northpower trustee and was previously the Road Safety Coordinator for RoadSafe Northland. He is an active member of both Rotary and the Whāngārei District Gliding Club. Cr Rossiter is a retired businessman involved in the printing and stationery business.



Tony Davies-Colley

Whāngārei constituency
Phone: 09 435 4090
Email: tony@westpoint.net.nz

Tony Davies-Colley is a businessman involved in technology, engineering, farming, forestry and property. He is a director of several private companies. Cr Davies-Colley has an agricultural science degree and over the last 30 years has been actively involved in farming, forestry and the wood processing industry.



Bronwyn Hunt

Far North constituency
Phone: 09 408 3412
Email: bronyh@hotmail.com

Bronwyn Hunt has been involved in local government for over 20 years, 13 of which were in the Far North district. Her community interests are wide and varied. Currently working for Te Runanga o Te Rarawa, Cr Hunt heads the Strategy and Policy Unit. Cr Hunt is now serving her first term on the regional council.



Joe Carr

Far North constituency
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 Far North Life Education Trust and a former Far North district councillor. Cr Carr has served on a number of regional council committees over the past fourteen years including Civil Defence and Emergency Management, Regional Land Transport and Landcare. He has previously been a hearing commissioner and appeal negotiator for Far North District Council.



Ian Walker

Far North constituency
Phone: 09 408 0072
Email: ian@folders.co.nz

Ian Walker is a farmer, retailer and has business interests in IT. He has held a number of directorships and is currently President of Farmers New Zealand and a Director of Northland Port Corporation NZ Limited. This is his fourth term as a regional councillor.

Council committees and advisors

Chairman, Craig Brown, is an ex-officio member of all committees.

Environmental Management Committee

Councillors Joe Carr (Chairman), Graeme Ramsey (Deputy Chairman), Craig Brown (ex-officio), Bill Rossiter, Bronwyn Hunt, Tony Davies-Colley.

- Cr Di Maxwell representing Far North District Council.
- Cr Crichton Christie representing Whāngārei District Council.
- Commissioner Richard Booth representing Kaipara District Council.
- An acting representative for Māori interests.
- Dr Greg Blunden representing environmental interest groups.
- Mr Alan Clarkson representing the farming community.
- Mr Chris Jenkins representing Department of Conservation.
- Mr Geoff Gover representing the forest industry.

Regional Transport Committee

Councillors John Bain (Chairman), Joe Carr (Deputy Chairman), Craig Brown (ex-officio).

- Cr Steve McNally representing Far North District Council.
- Cr Greg Martin representing Whāngārei District Council.
- Commissioner Peter Winder representing Kaipara District Council.
- Mr Stephen Town representing NZ Transport Agency.

Audit and Finance Committee

Councillors Bill Rossiter (Chairman), Graeme Ramsey (Deputy Chairman), Craig Brown (ex-officio), John Bain, Joe Carr, Bronwyn Hunt, Tony Davies-Colley, Ian Walker.

Regional Policy Committee

Councillors Ian Walker (Chairman), Craig Brown (ex-officio), Tony Davies-Colley and John Bain.

- Cr Ann Court representing Far North District Council.
- Cr John Williamson representing Whāngārei District Council.
- Commissioner Richard Booth representing Kaipara District Council.

Hearings Committee

Councillors Craig Brown (Chairperson) and Bronwyn Hunt (Deputy Chairperson).

The committee (or the council) may appoint any individual member/s or other independent person/s as commissioner/s pursuant to Section 34(1) of the Resource Management Act, 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.

Councillor portfolios and memberships

- Broadband – Cr Tony Davies-Colley and Cr Bill Rossiter.
- Catchment management – Cr Joe Carr.
- Creative Northland (CHART) – Cr Graeme Ramsey.
- Environment – Cr Joe Carr.
- Environment awareness – Cr Bill Rossiter.
- Kaipara Harbour Joint Political Committee – Cr Graeme Ramsey.
- NZ Refining Company Community Liaison Committee – Chairman Craig Brown.
- Northland Chamber of Commerce – Cr Tony Davies-Colley and Cr Bill Rossiter.
- Northland Conservation Board – Cr Bronwyn Hunt.
- Northland Regional Animal Health Committee – Cr Ian Walker.
- Ngunguru sand spit – Deputy Chairman John Bain.
- Northland Regional Council engagement with Māori – Cr Bronwyn Hunt.
- Northport – Cr Ian Walker.
- Northport Liaison Committee – Chairman Craig Brown.
- Regional Policy Statement – Cr Ian Walker.
- Rivers – Cr Joe Carr.
- Road safety – Deputy Chairman John Bain.
- Ruakaka Sewerage Working Party – Chairman Craig Brown.
- Shared services – working group CEO, Cr Bill Rossiter, Cr Tony Davies-Colley, Cr Bronwyn Hunt and Cr Graeme Ramsey.
- Shareholder representative on Regional Software Holdings Limited – Cr Ian Walker
- Transport – Deputy Chairman John Bain.
- Vehicles on beaches – Deputy Chairman John Bain.
- Whāngārei Harbour catchment (collaborative stakeholder) advisory group – Cr Bill Rossiter

- Whāngārei Harbour Dredging Committee – Cr Bill Rossiter.
- Youth education – Cr Bill Rossiter.
- Local Government New Zealand zone one representative – Deputy Chairman John Bain.
- Shareholders representative Northland Inc. Limited – Chairman Craig Brown.

Advisors

Auditors: Audit New Zealand on behalf of Auditor-General

Bankers: ASB Bank
ANZ Bank
Bank of New Zealand
Kiwi Bank
TSB Bank
Westpac

Solicitors: Burns Fraser
Liam McEntegart
Karenza de Silva

Laurence Holley
Simpson Grierson
Mathew Casey Lawyers
Meredith Connell
Hornabrook Macdonald Lawyers
Atkins Holm Majurey Limited
Buddle Findlay
GDH Limited
French Burt Partners
James and Wells Intellectual Property
Thomson Wilson
Webb Ross McNab Kilpatrick
Julian Dawson Barrister & Solicitor
Law Direct
Law North Partners
McLeods Lawyers

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.

Council objectives

The council set its future direction and defined a new set of council objectives in Northland's Long Term Plan 2012-2022.

This is the first Annual Report that measures council's progress against each of the new council objectives.

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.

Achieving these council objectives is a joint effort. We have worked with district councils, government agencies, other Northland organisations, landowners, Māori and Northland communities on specific initiatives to extend our influence and progress the achievement of our objectives.

In the *Council activities* section on pages 28-71, there is a breakdown of why we do the various activities we have reported on, how they contribute to council objectives, what we did (including progress with our initiatives) and how we performed against our targets.

We deliver the council objectives in a number of ways, including:

- As the lead agency – largely responsible for action in a particular area.
- As the joint lead agency – managing a programme in conjunction with other organisations.
- Supporting/advocating – providing support to other lead agencies.
- As a service provider – carrying out a programme using the council's own resources.
- As a funder – making a financial investment in a programme, but not necessarily leading it.
- As a regulator – developing and enforcing rules, as appropriate.
- As a promoter/facilitator – encouraging progress by organising interested parties, publicly expressing support or securing financial support from other sources.

Over the course of the year we have also looked at whether there are any gaps in our measures for reporting against each council objective.

We acknowledge there is room for enhanced reporting with measures around water in our priority catchments, biodiversity, heritage, infrastructure and economic performance. However, many of these are already or will be part of other planning, monitoring and reporting processes – for example, Waiora Northland Water, the Regional Policy Statement, state of the environment reporting and the Northland Economic Quarterly.

As our monitoring and reporting programmes develop, we will decide which ones should be included in future Annual Reports to enhance our accountability to Northlanders.

Our activities – what we do

Northland Regional Council is one of Northland's main environmental guardians. We are charged with protecting the region's land, water, coast and air while allowing for sustainable development: 'Putting Northland first'.

Our responsibilities include environmental management, flood and land management, biosecurity, emergency management, pollution control, public transport planning and funding, and coastal navigation and safety. Councillors decide our overall policies and our 165 staff implement them.

Roughly half our income comes from rates and charges with the balance from investments and government grants.

Awards and funding

The council has funding available to assist with a variety of eligible environmental, educational and cultural initiatives undertaken by the Northland community.

Regional council funding and advice is available to all individuals, land owners, community groups, schools and iwi throughout the region.

www.nrc.govt.nz/funding

Biosecurity

Biosecurity is about protecting our environment, economy and way of life from the harmful impacts of pest animals, pest plants and diseases. The council works with land owners to target regional pest plants and animals and helps the rural economy by controlling possums to stop the spread of bovine TB.

www.nrc.govt.nz/nasties

Education and public information

Specialist council staff host 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.

www.nrc.govt.nz/schools and
www.nrc.govt.nz/publications

Emergency management

The council coordinates the Civil Defence Emergency Management Group for the region. We work together to minimise the potential effects of emergencies, prepare ourselves and the community, respond to emergencies and help the community to recover.

www.nrc.govt.nz/civildefence

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.

www.nrc.govt.nz/environmentalmonitoring and
www.nrc.govt.nz/consents

Flood management

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.

www.nrc.govt.nz/priorityrivers

Harbours

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

www.nrc.govt.nz/onthewater

Infrastructure

We work with regional and national agencies to help ensure the provision and security of core regional infrastructure like transport, energy and telecommunications. We are also responsible for several flood control schemes around the region.

Land management

We encourage land owners 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. The regional council works with land owners to develop sustainability and property conservation plans and with rural community groups.

Pollution control

We maintain a 24/7 incident response service (0800 504 639), conduct environmental assessments of industrial and commercial sites, and maintain a register of sites with hazardous industries or activities. www.nrc.govt.nz/waste

Economic development

We support business development and tourism promotion through council's council-controlled organisation, Northland Inc. Limited.

www.northlandinc.co.nz

Transport

We help plan the region's road network and administer and partially fund Whāngārei's urban bus service as well as operating and supporting the Kaitiāia bus service.

www.nrc.govt.nz/transport and www.nrc.govt.nz/bus

Water management

We ensure there is enough water for everyone – a difficult task with so many competing needs. Water allocation, use and monitoring help us to manage our water resources.

www.nrc.govt.nz/water

Our year in review

The following is a snapshot of our major areas of work and key successes over the last year.

Detail on all our activities – and how we measured up against our performance measures for the year – can be found in the *Council activities* section on pages 28-71.

Local government reform a hot topic

The issue of how to best structure local government in Northland has been raised a number of times over the years.

In December 2012, Far North District Council applied to the Local Government Commission for a Far North unitary authority to be created (with both regional and district council powers).

That application triggered a process that has since seen local government structure become a key focus for all four of Northland's councils.

The commission set a tight 15 April deadline for alternative proposals, and we engaged with as many individuals and communities as time would allow to help shape our proposal.

Our community workshops indicated strong public preference for either an enhanced version of the status quo or a single local authority underpinned by strong, legally-empowered local boards.

As the status quo is already one of the options the Local Government Commission is legally bound to investigate, we proposed an alternative model of local boards – with real, legally-protected powers – supported by a single unitary authority in Northland. At the time of writing, the commission is still working through its process and is yet to make a determination about its preferred option. Potential reform will remain a hot topic over 2013/14 and council is committed to keeping the community informed throughout the process.

New constituencies to better reflect and represent local communities

The 2012/13 year saw new representation arrangements come into effect that will change the way Northlanders are represented at the council table.

At the 2013 local body elections on October 12, Northlanders will vote for nine regional councillors (one more than currently elected) representing seven, smaller constituencies across the north. The previous model had eight representatives elected from three constituencies.

This new arrangement better reflects Northland's communities of interest, our distinct geography, including our river catchments, coastal areas and rural hinterland, and should achieve council representation that reflects these communities and characteristics.

New Regional Policy Statement nears adoption

The Regional Policy Statement is arguably Northland's most important planning document, which sets out how our natural and physical resources will be managed.

A new Regional Policy Statement has been in development for several years. It is a major piece of work for council, and the 2012/13 year saw it progress near to the point of adoption.

Public consultation on the Proposed Regional Policy Statement occurred in October 2012, attracting nearly 900 submissions on a wide range of topics. Common submission themes included genetic engineering, mining and the mapping process identifying the region's outstanding natural areas and coastal land.

Several hundred submitters took the opportunity to outline their views to a panel of independent hearings commissioners, during a five-week hearings period held during May-June 2013. The commissioners would then undertake the significant task of assessing all the information they have received before making their recommendations to council.

The commissioners' recommendations were presented to councillors for their consideration and they adopted them as their own decisions at the public council meeting in September 2013.

Waiora Northland Water programme established

The Waiora Northland Water programme is about improving the quality and management of the region's precious freshwater resources.

It brings together council's new and existing work – from policy development, monitoring, land management, pest management, and biodiversity, through to developing good management practices, partnerships and funding projects – with that of landowners, iwi and hapū, key stakeholders and the wider community, in an integrated approach to Northland's water management.

Established in 2012/13, the 30-year programme also incorporates council's plan for implementing new government requirements for managing freshwater (under the National Policy Statement for Freshwater Management).

Under the Long Term Plan 2012-2022, council decided on a prioritised approach to implementing new government requirements. Over the last year we have laid the foundations for how that will happen over the coming years.

We have identified the priority areas we will be focussing on first – the region's most outstanding waterbodies; catchments with very poor or deteriorating water quality; catchments where the amount of water available is a significant issue; and working on the areas where there's the best opportunity to make a real difference.

We have commenced set-up of local representative groups for the priority areas, whose role is to ensure that the range of community/tangata whenua values and interests for freshwater in the area are reflected in decision-making. This fits with our approach to involving communities in local decision-making.

Waiora Northland Water has been a major focus for council over the past 12 months, and will continue to be a high-priority programme of work for many years to come.

Significant marine pest found in Northland

The discovery of Mediterranean fanworm – internationally recognised as a significant marine pest – in Northland during 2012 was an unwelcome discovery for the council's biosecurity team.

Mediterranean fanworm forms dense groups that compete with native species, and it is a major nuisance fouling species in marinas and on boat hulls.

The presence of fanworm on the hulls of three vessels in Whāngārei Harbour about a year ago triggered a large-scale response for the council.

About \$250,000 and hundreds of hours of staff time was spent over the year on preventing fanworm's establishment and spread in Northland.

To date the response has been successful – ongoing monitoring indicates the incursion has been contained and 14 out of 15 harbours remain free of fanworm. Eradication in Whāngārei Harbour is progressing well and staff are hopeful that a full eradication can be achieved by 2016.

With fanworm infestation established in the Auckland region, re-infestation is an ongoing threat. This emphasises the importance of people checking and cleaning their boat hulls.

Council has committed further resourcing for the next two years to monitor for fanworm's presence, undergo control work as necessary, work with industry to minimise incursion risks, and emphasise to boaties the importance of regularly checking and antifouling their hulls.

New information system goes live

Council was 'first cab off the rank' this year to implement the cross-regional council collaborative project IRIS (Integrated Regional Information System).

The implementation of IRIS means we now have a one-stop shop for information management that enables easier and more rigorous record keeping, plus quicker and easier location and retrieval of records.

This level of integration also presents opportunities previously unreachable. We are excited by the potential of online consent applications and requests, how we can use information when we are out and about (virtual office anywhere) and the considerable opportunities IRIS gives us for improving our practice and developing new tools to benefit our customers and make us even more efficient.

Council's financial position remains strong

Council's financial results have tracked well against budget with an after tax surplus of \$2.072 million against a budgeted after tax surplus of \$1.925 million.

Council continues to operate in accordance with its financial strategy and has maintained a strong balance sheet and no external debt. Higher-than-expected investment income, from dividends received from our shareholding in Northland Port Corporation (NZ) Limited, puts us in strong position for the coming year and has enabled us to reduce rates increase below those originally forecast.

Resource Management Act reform in pipeline

The government is proposing further reforms to New Zealand's resource management system. The first phase was completed in 2009 and a second phase is now underway.

The second phase aims to improve the Resource Management Act further, and also resource management more broadly, including how freshwater is managed.

Key themes are fewer plans, based on key national policy and guidance; more engagement with iwi and hapū early in the process; collaborative planning; better economic analysis; and faster consent processing.

The Resource Management Reform Bill 2012 was introduced to Parliament in December 2012 and has had its second reading.

The government has also consulted on and intends to introduce another Bill and further reforms during 2013.

The council's work programmes are well aligned to meet the proposed changes

Building Māori capacity

Māori participation in decision-making

Providing opportunities for Māori to contribute to council's processes

Of the 14 regions that make up New Zealand's local government, Northland has the second highest proportion of Māori, with almost one third of the region's population identifying as Māori.

There are nine iwi whose rohe falls wholly or partially within Northland. There are currently three Treaty Settlement Acts that have an impact on this region. The Te Uri o Hau and Te Roroa Claims Settlement Acts fall within the region while the Ngāti Manuhiri Claims Settlement Act falls mainly in the Auckland region.

During 2012 the Crown further agreed to four Deeds of Settlement with iwi in the Far North. Three have been initialled, having been through the ratification process, with the last currently progressing through to the initialling phase.

Māori are key players in the region as they own – or will have returned to them – significant natural resources. They contribute to the economic development of the region especially with the advent of settlement legislation.

Recognising the special place Māori have in our region, council will continue to work with Māori to enhance relationships, build capacity and provide opportunities for Māori to participate in council processes.

In 2012/13 we provided for Māori participation in several ways. Council:

- Continued to have Māori representation on our Environmental Management Committee.
- Actively participated in the regional Iwi / Local Government Chief Executive Officers' Forum where issues such as regional economic development, rating, tangata whenua engagement and communications, local government reform and the Proposed Regional Policy Statement and national policy were discussed. Decisions from this forum included:
 - Initiating discussions with the region's iwi governance and chief executive officers to

formalise the selection process and enhancement of these positions.

- Continuing engagement of the Iwi Technicians' Forum throughout the review of the Regional Policy Statement.
- Committed to the Memorandum of Understanding between council and Te Uri o Hau and to the Integrated Kaipara Harbour Management Group, a Te Uri o Hau initiative.
 - Council plays a key role in and co-chairs the Joint Political Committee meetings comprising of Northland Regional Council, Kaipara District Council, Auckland Council, Te Uri o Hau, Ngāti Whātua ki Kaipara and Te Rūnanga o Ngāti Whātua.
 - The Memorandum of Understanding between council and Te Uri o Hau was reviewed and finalised with a formal signing ceremony.
 - The chief executives of Te Uri o Hau and council meet on a regular basis to give effect to the Memorandum.
- Provided information relating to council and local government processes such as:
 - At the request of Whāngārei hapū, we held hui and provided information on the potential changes to local government as a result of the application to the Local Government Commission by Far North District Council.
 - Circulating all non-notified and notified resource consent applications.
 - Promoting stories relating specifically to Māori in the Regional Report, the council's quarterly newsletter.
- Provided funding and/or advice for key projects for Māori including:
 - Working with a hapū collective on annual monitoring of eels and their strategic plan to enhance the waterways in their respective rohe which feed into the Kaipara Harbour.
 - Funding the review and rewrite of the Patuharakeke Iwi Environmental Management Plan.
 - At the request of Māori, council held two days of hearings on the Draft Proposed Regional Policy Statement on a marae.

- Employed Māori specialist staff.
 - Continuing to employ a Māori Liaison Officer who works with mana whenua groups to build and maintain effective relationships.
- Employing a Policy Specialist Tangata Whenua whose purpose is to ensure tangata whenua values are reflected in council's policies and plans.

Our region

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

Northland is a long, narrow peninsula with a subtropical climate. It has a land area of 13,286 square kilometres. The region is growing in popularity as a holiday and retirement destination due to its outstanding natural environment, warm climate, low population density and proximity to Auckland. It is a diverse region in both socio-economic patterns and environmental characteristics.



Our people

Our population continues to grow and is estimated to be 158,300 at June 2012 (152,700 in 2006 census). Northland is the most rural region in New Zealand, with the population split evenly between urban and rural areas. At the national level, 86% of the population lives in urban areas and only 14% in rural environments.

The largest ethnic group is New Zealand European, around 62% of Northland’s population and similar to the national proportion. However, Northland has a large and growing Māori population, predicted to increase from 31% to 36% by 2016. Other ethnicities make up just 6% of our population compared with around 20% nationally. The largest age group in Northland is 10-14 year olds. We also have a significant number of older people too – 17% of people in Northland are aged 65 years and over, compared with 13% of the total New Zealand population.

Our culture

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

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

Cultural tourism is an integral part of the experience that Northland offers. Art and heritage trails guide visitors throughout the region along the Twin Coast Discovery Highway. Northland’s waters are one of the favourite recreational playgrounds for lovers of anything aquatic, including sailing and cruising. There are few places in the world that can match what Northland has to offer. Beneath the waters lie many attractions, with some of the world’s top and most easily accessible dive and snorkelling sites. The warm waters of Northland make this New Zealand’s natural playground.

Our economy

Northland has a diverse economy that is structured very differently from the national economy. The agriculture, forestry and fishing industries account for about 14% of Northland's Gross Domestic Product (GDP), twice as important as they are nationally. Manufacturing (including the Marsden Point oil refinery) represents just over 15% of Northland's economy compared to 13% of New Zealand's. Some service industries, in particular information, media and telecommunications and financial and insurance services, are less prominent in Northland than elsewhere.

Northland's economy is beginning to gain some momentum following the global financial crisis and the climatic events of 2007 (flood) and 2010 (drought). Economic output as measured by GDP is estimated to have increased by 2.5% in real terms in the year ended March 2013 following on from a 3.5% increase in 2012. During the preceding four years (2008-2011), the Northland economy shrunk at an annual rate of 0.3%. The national economy grew by 3.1% in 2013 after increasing by 2.2% in 2012.

However, this recovery has yet to be seen in the job market. It is estimated that 63,700 people were employed during the year ended March 2013. While up slightly on the number employed in 2012, it remains about 3000 (4.5%) lower than the peak recorded in 2008. The biggest decreases in employment have occurred in the construction, agriculture, forestry and fishing, and retail/wholesale trade industries. The number of people unemployed in Northland has remained relatively static over the past three years at about 7000, equivalent to about 9.5% of the labour force. The current level and rate of unemployment in Northland is similar to those that existed in the late 1990s/early 2000s.

Higher unemployment along with lower investment returns have translated into poorer households. The median weekly income for households in Northland was \$964 in June 2012. This is equivalent to 74% of the national median and is the lowest among the 12 regions for which data is available. Over the period 2008-2012, the median weekly household income in Northland fell by 19% from its high of \$1,190 in 2007 when measured in real terms (adjusted by the CPI). While median household incomes have fallen nationally and in all regions, Northland recorded the largest decrease. This contrasts markedly with developments during 2003-2007 when the median household income in Northland increased by almost 6% per annum, the highest rate of increase among

the 12 regions and considerably faster than the 2.7% per annum rise in the national median.

Our environment

With its proximity to the sea, almost subtropical location and low elevation, Northland has a mild and rather windy climate. Summers tend to be warm and humid. Winters are usually mild with many parts of the region having only a few light frosts each year. The prevailing wind for most parts of the region is from the south-west; however, in summer, tropical cyclones give rise to north-easterly winds and heavy rainfall.

The mean annual rainfall ranges from about 1000-1300mm in low-lying coastal areas, to over 2500mm on some of the higher country, with approximately one-third of the yearly rainfall total falling in the winter months of June, July and August. High-intensity rains can cause severe flooding. Droughts are also common in Northland during the summer months. Records show that parts of the region, on average, have a drought of economic significance every three years.

Climate change is predicted to cause higher temperatures and extreme weather patterns with greater intensity rain events and periods of drought. Northland's subtropical weather and wide range of places for things to live means we have many different plants and animals, many of them found nowhere else. Our ecosystems of importance include rivers, lakes and wetlands, forest and shrublands and our coastal environment. We also have a range of pest animals and plants we need to eradicate or manage with the help of the community.

Many of Northland's rivers are relatively short with small catchments. The Wairoa River is Northland's largest, draining a catchment area of 3650 km² (29% of Northland's land area). Most of the major rivers flow into harbours, rather than discharging to the open coast, which has significant implications for coastal water quality. The region has a large number of small and generally shallow lakes but we also have Lake Taharoa of the Kai Iwi group which is one of the largest and deepest dune lakes in the country – it covers an area of 237 hectares and is 37 metres deep. Our groundwater is a valuable resource as it is used by many towns and rural settlements for domestic water supply, irrigation and stock drinking water. Northland also has one geothermal field around Ngāwhā Springs, to the east of Kaikohe.

Northland has a diverse history of mining and a significant ongoing mining industry presence.

Mineral production in Northland is currently dominated by:

- Limestone for the Golden Bay Cement plant at Portland which produces more than half of the cement used in New Zealand and also exports cement; high quality china clay, produced at Matauri Bay, for export; aggregate, produced at more than fifty quarries throughout Northland; limestone, used mainly as fertiliser in farming, from more than twenty quarries; and sand, both from onshore and offshore resources, for building and industrial use.

Two years ago the council – with its partners the Far North District Council, central government (Ministry of Economic Development, New Zealand Petroleum and Minerals) and Enterprise Northland Trust – seized the opportunity to fill in some of the information gaps and commissioned a state of the art aerial survey (mapping aeromagnetic and radiometric methods) of Northland's mineral and resource potential. The information is now available and NZ Petroleum and Minerals have run a competitive tender for mineral 'exploration permits' based on the information acquired. Five exploration permits have been issued as a result of the tender process.

The information is also expected to be useful to a broad range of non-mineral industry sectors – for example, agriculture, forestry, horticulture, hazard assessment, and infrastructure providers. Marketing opportunities are currently being explored.

Our infrastructure

The present transportation network includes 6,610 kilometres of road, a rail link from Auckland via Whāngārei to Otiria, a deep water port at Marsden Point and commercial airports at Whāngārei, Kerikeri and Kaitiāia. Public transport services are available in urban Whāngārei and Kaitiāia.

The Marsden Point oil refinery is a nationally significant asset. The refinery provides 70% of New Zealand's domestic market for petrol, 84% of the diesel, 83% of the jet fuel, all of the fuel oil and 75% of the bitumen that goes on our roads.

During 2012/13 significant growth was experienced by Northport Ltd where log volumes lifted by 24% to 2,422,000 tonnes.

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

In Northland there is a small hydro-electric power station on the Wairua River and a geothermal power plant at Ngāwhā. Marine turbines are being investigated for the mouth of the Kaipara Harbour and wind power generation is being investigated for Poutō Peninsula, Ahipara, Glinks Gully and Baylys Beach.

Currently the government is funding the installation of ultra-fast broadband in Whāngārei (the first area to receive the initiative in the country) through a local fibre company. Most of the region has broadband but it is comparatively slow.

The council is also responsible for several flood control schemes around the region.

Financial highlights

Understanding the council's reported surplus for the year ended 30 June 2013

Council has consistently operated within a sound financial position and this financial year has been no different.

Overall council posted an after tax surplus of \$2.072M against a budgeted surplus of \$1.925M. Similarly, total comprehensive income was \$2.031M against a budget of \$1.925M.

Both revenue and expenditure were a little higher than budget, but were largely offset to provide a surplus tracking very close to budget.

Council's 'other gain' revenue of \$1.23M (against 'other gains' budget of \$71,000), which was largely offset by other losses expenditure of \$1.26M. 'Other gains' includes \$710,000 in fair value increases of investment property and forestry holdings, plus foreign exchange gain and gain on disposal of financial investments, both of which relate to the Community Investment Fund.

The Community Investment Fund performed exceptionally well, with total revenue and gains of \$1.15M on the fund which started the year with a market value of \$9.48 million. The fund is managed under the Statement of Investment Policies and Objectives adopted by council in October 2012.

Council's dividend income from Northland Port Corporation (NZ) Limited was \$665,000 more than the \$1.44M budgeted. Much of this additional income funded the \$729,000 of net rates adjustments (includes write-offs and rate doubtful debt provisioning) required as a result of growing rates arrears, for which council had only budgeted for \$250,000. Council has increased the budget for these adjustments in 2013/14 to \$508,000 and will again review the budget requirements for the 2014/15 Annual Plan.

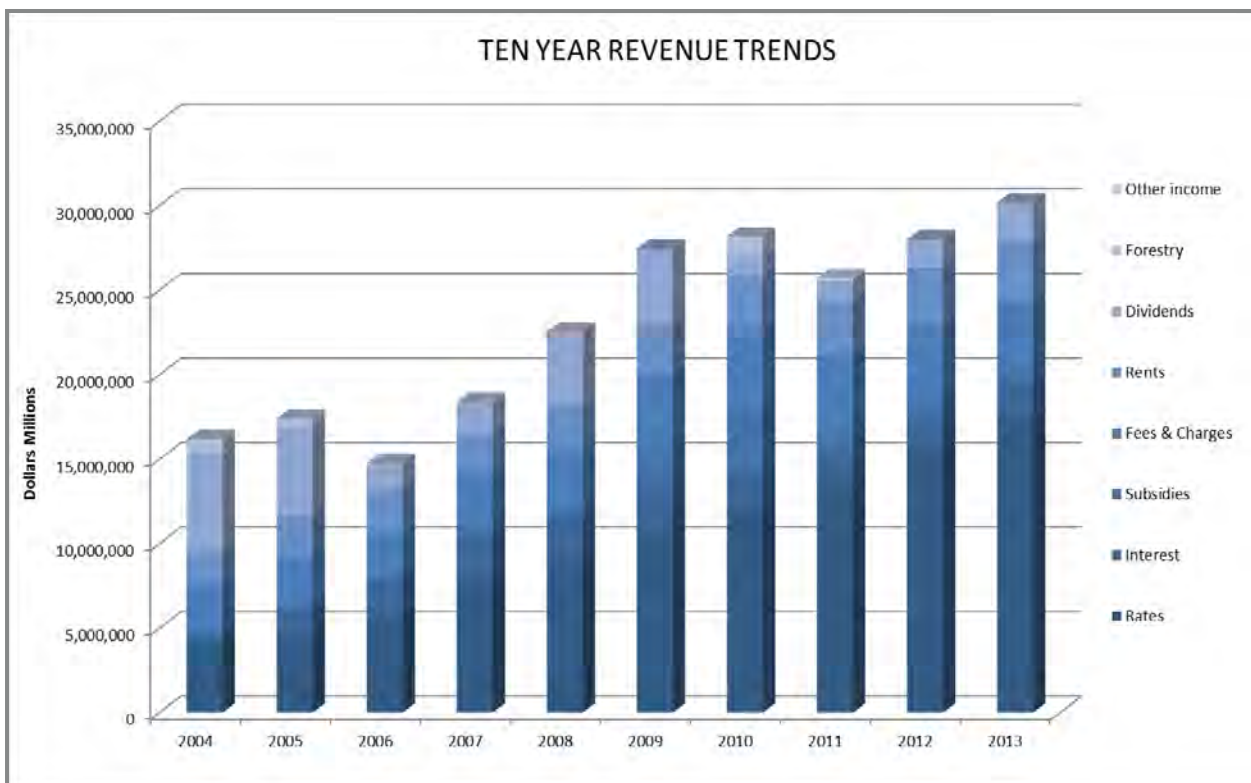
It is useful for the reader to understand the operating surplus is not necessarily a surplus. Where council collects a targeted rate for a specific activity, the rate must only be applied to fund the particular activity. Consequently council tends to transfer money to and from its various reserves to account for under and overspends of activities funded by targeted rates. From the operating surplus, council transferred \$2.7M to its reserves, as approved by council at its August council 2013 meeting. These transfers also included council carrying forward some of its unspent operational funding to enable work programmes to be completed. Specifically, council approved carrying forward \$316,000 for planning and policy related projects and \$82,000 for iwi related projects.

If the transfers to and from reserves are removed along with the fair value adjustments (which are non-cash and relate mostly to valuation gains and losses on investment property, owner occupied property and financial investments) there is actually a cash deficit of \$110,000 against a budgeted cash surplus of \$60,000. Gains and losses resulting from fair value movements do not represent additional cash collected or paid by the council and therefore the surplus or losses are not used to offset or increase rates or to fund council's planned expenditure for future financial years.

Revenue trends

Rating revenue since 2005/06 reflects the introduction of targeted rates to fund the Regional Events Centre and extra land and emergency management initiatives. In the 2009/10 financial year council introduced the targeted Transport Rate (Whāngārei District) to fund the Whāngārei bus passenger transport services. These were previously funded by the Whāngārei District Council. Council also introduced the targeted Rescue Helicopter Service Rate to provide funding certainty to the Northland Emergency Services Trust. In 2011/12 council introduced the targeted Whāngārei Urban Rivers Management Rate to fund flood

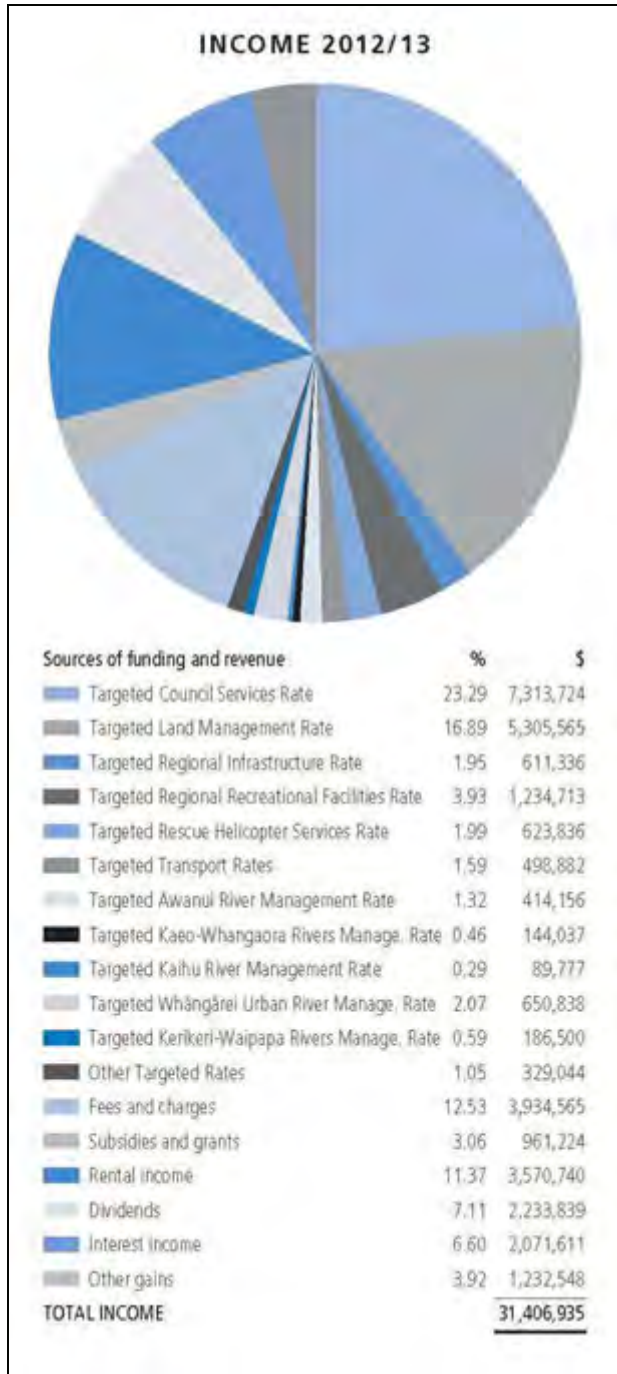
risk reduction projects for the Whāngārei CBD and the targeted Kaitāia Transport Rate to provide funding assistance towards the bus passenger transport service in the Kaitāia/Mangōnui/Ahipara areas. In 2011/12 council also began redirecting its investment income into economic development activities. This is being phased in over a ten year timeframe, starting in 2011/12 with \$1.342M transferred. In the Long Term Plan 2012-2022 it was agreed that the amount transferred would be increased by \$670,000 each year. Council is funding the transfers through a combination of trying to find expenditure savings and efficiencies and increasing general rates.



* The revenue depicted in the graph above excludes revenue classified as "other gains" in the Statement of Comprehensive Income.

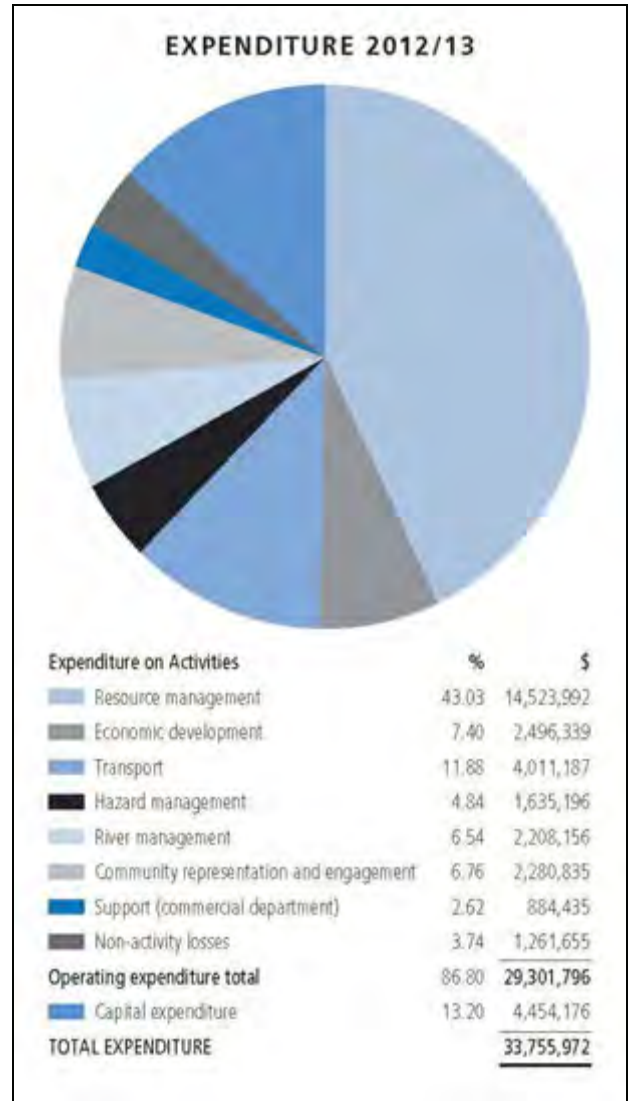
Our sources of income

The following graph shows the various sources of council’s \$31.4M income during 2012/13. While rates continue to be the main source of income, council also received income from a number of other sources including government grants and subsidies, user fees and charges and investment income. The breakdown is as follows:



Our Expenditure

The following graph shows the allocation of our \$33.8M of expenditure by activity. Council’s expenditure is guided by the priorities identified in our Long Term Plan 2012-2022.



Council’s assets

The major components of our assets include:

- Current assets (including investments with maturities less than 12 months, cash and trade receivables) – \$33.1M;
- Investment property (including forestry assets) – \$50M;
- Property, plant and equipment and intangible assets (including operational assets such as council-occupied land and buildings and river management schemes) – \$21.35M;
- Investment in subsidiaries and associates \$8.58M. This is made up of council’s investments

in Northland Port Corporation (NZ) Limited, Northland Inc. Limited (100% owned) and Regional Software Holdings (16.75% shareholding);

(Our investment in Northland Port Corporation (NZ) Limited is reflected at original cost in the council financial statements in accordance with applicable reporting standards.)

- Other non-current investments (including other receivables and investments in stocks and other securities) – \$15.25M.

Council's liabilities

- Current liabilities (including trade and other payables, employee benefits and tax liability) – \$6.9M. Non-current liabilities (made up of non-current employee benefit liabilities) – \$36,000.

Compliance statement

Northland Regional Council

Annual Report

For the Year Ended 30 June 2013

Statement of Compliance

The council and its officers are responsible for preparing this report and financial statements, including the statement of service performance, and confirm that all statutory requirements of the Local Government Act 2002 have been complied with.

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 2013.



Craig Brown
Chairman



Malcolm Nicolson
Chief Executive Officer



Lisa Aubrey
General Manager Finance & IT

Date: 8 October 2013

Audit report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report
To the readers of
Northland Regional Council and group's
annual report
For the year ended 30 June 2013

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and group. The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the Regional Council and group that comprise:
 - the statement of financial position as at 30 June 2013 on pages 77 to 79;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 73, 76 and 80 to 81; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 82 to 146;
- the statement of service provision (referred to as Council Activities) of the Regional Council and each group of activities carried out by the Regional Council on pages 31 to 71;
- the funding impact statements in relation to each group of activities of the Regional Council on pages 31 to 71;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 31 to 71; and
- the funding impact statement of the Regional Council on pages 29 to 30;

In addition, the Auditor-General has appointed me to report on whether the Regional Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 106;
 - reserve funds on pages 104 to 109;
 - remuneration paid to the elected members and certain employees of the Regional Council on page 135;
 - employee staffing levels and remuneration on page 136;
 - severance payments on page 136; and
 - council-controlled organisations on pages 151 to 157;
- a report on the activities undertaken by the Regional Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 15 to 16; and
- a statement of compliance signed by the chairperson of the Council, and by the Regional Council and group's Chief Executive on page 24.

Opinion

Audited information

In our opinion:

- the financial statements of the Regional Council and group on pages 73 to 146:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Regional Council and group's financial position as at 30 June 2013; and
 - the results of its operations and cash flows for the year ended on that date.
- The Council Activities of the Regional Council on pages 31 to 71:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Regional Council's levels of service for the year ended 30 June 2013, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- the funding impact statements in relation to each group of activities of the Regional Council on pages 31 to 71, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 31 to 71, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long-term plan or annual plan; and
- the funding impact statement of the Regional Council on pages 29 to 30, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the Regional Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 8 October 2013. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Council Activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Regional Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported Council Activities within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the Regional Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Council Activities that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Regional Council and group's financial position, financial performance and cash flows; and

- fairly reflect its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long-term plan or annual plan;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit, which includes our report on the Other Requirements, we have carried out an assignment in the area of the Regional Council Collaborative Development Group's Integrated Regional Information System (IRIS) project, which is compatible with those independence requirements. Other than these assignments we have no relationship with or interests in the Regional Council or any of its subsidiaries.



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

Council activities

Funding Impact Statement for Northland Regional Council	29	Activity 3.1b: Investing in economic projects and ventures within Northland to increase Northland's economic performance	52
Resource management	31	Activity 3.1c: Investing in economic projects and ventures within Northland to increase Northland's economic performance	53
Funding impact statement for resource management	31	Hazard management	54
Resource management levels of service	33	Funding impact statement for hazard management	54
Activity 1.1: Promote Māori participation in resource management and decision-making	39	Hazard management levels of service	55
Activity 1.2: Reduce the impact of introduced pests on environmental, economic and social values	39	Activity 4.1: Maintaining a responsive and efficient civil defence emergency management system	57
Activity 1.3: Promote community involvement in pest management	39	Activity 4.2: Maintaining an effective civil defence emergency management system	57
Activity 1.4a: Maintain and enhance water quality for swimming and shellfish collection	40	Activity 4.3: Providing accurate and timely flood warnings	57
Activity 1.4b: Maintain and enhance water quality for swimming and shellfish collection	40	Activity 4.4: Maintaining an efficient and responsive and efficient oil pollution response	58
Activity 1.5: Protect the life-supporting capacity of water, in-stream uses and values	41	Activity 4.5a and b: Maintaining natural hazard information and assessments to protect life and property	58
Activity 1.6: Maintaining and enhancing water quality in our rivers and coastal waters	41	Transport	59
Activity 1.7a: Maintaining and enhancing water quality in our rivers and coastal waters	41	Funding impact statement for transport	59
Activity 1.7b: Efficient and effective compliance monitoring of resource consents	42	Transport levels of service	61
Activity 1.7c: Efficient and effective compliance of monitoring and resource consents	42	Activity 5.1: Embed safety in the thinking of all Northland road users	63
Activity 1.8: Maintaining a high standard of ambient air quality	43	Activity 5.2: Providing an efficient and effective public bus service	63
Activity 1.9: Efficient and effective response and resolution of reported environmental incidents	43	Activity 5.3: Maintaining navigation aids for safe navigation	64
Activity 1.10a and b: Efficient and effective processing and administering of resource consents	43	Activity 5.4: Providing safe pilotage services for vessels entering Bay of Islands	64
River management	44	Community representation and engagement	65
Funding impact statement for river management	44	Funding impact statement for community representation and engagement	65
River management levels of service	46	Community representation and engagement levels of service	66
Activity 2.1: Building flood protection schemes to protect life and property	48	Activity 6.1a: Maintaining effective, open and transparent democratic processes	68
Activity 2.2: Maintaining floor protection schemes to protect life and property	48	Activity 6.1b: Maintaining effective, open and transparent democratic processes	68
Economic development	49	Activity 6.2: Providing effective advocacy on behalf of Northlanders on matters of regional significance	68
Funding impact statement for economic development	49	Support services	70
Economic development levels of service	50	Funding impact statement for support services	70
Activity 3.1a: Investing in economic projects and ventures within northland to increase Northland's economic performance	52		

Funding Impact Statement for Northland Regional Council

Funding impact statement for the year ended 30 June 2013

	Actual 2012/13 \$	Annual Plan 2012/13 \$	Actual 2011/12 \$	Annual Plan 2011/12 \$
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	12,948,332	12,627,700	11,688,541	11,534,017
Targeted rates (other than a targeted water rates)	4,454,077	4,395,169	4,084,945	4,067,200
Subsidies and grants for operating purposes	961,224	1,486,699	952,632	1,370,884
Fees, charges and targeted rates for water supply	3,934,565	4,105,264	4,419,316	3,956,038
Interest and dividends from investments	4,305,450	3,631,195	3,391,379	3,046,205
Local authorities fuel tax, fines, infringement fees and other receipts	3,570,740	3,710,478	3,454,552	3,450,369
Total operating funding	30,174,387	29,956,505	27,991,365	27,424,714
Applications of operating funding	-	-	-	-
Payments to staff and suppliers	26,955,425	27,034,582	24,781,421	23,920,039
Finance costs	98,215	1,000	91,970	1,000
Other operating funding applications	-	-	-	-
Total applications of operating funding	27,053,639	27,035,582	24,873,392	23,921,039
Surplus/(deficit) of operating funding	3,120,748	2,920,923	3,117,973	3,503,675
Sources of capital funding	-	-	-	-
Subsidies and grants for capital purposes	-	-	-	-
Development and financial contributions	-	-	-	-
Increase / (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	65,455	-	91,653	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	65,455	-	91,653	-
Applications of capital funding				
Capital expenditure:				
• to meet additional demand	-	-	-	-
• to improve levels of service	3,768,927	3,000,766	982,284	3,113,005
• to replace existing assets	685,250	598,305	758,765	895,590
Increase /(decrease) in reserves	(724,090)	526,800	1,978,108	2,378,278
Increase /(decrease) of investments	(543,883)	(1,204,947)	(509,531)	(2,883,198)
Total applications of capital funding	3,186,203	2,920,923	3,209,626	3,503,675
Surplus/(deficit) of capital funding	(3,120,748)	(2,920,923)	(3,117,973)	(3,503,675)
Funding balance	-	-	-	-

Reconciliation to the Prospective Statement of Comprehensive Income

	Actual 2012/13 \$	Annual Plan 2012/13 \$	Actual 2011/12 \$	Annual Plan 2011/12 \$
Capital expenditure – included above, not in comprehensive income	4,454,176	3,599,071	1,741,049	4,008,595
Investment movements – included above, not in comprehensive income	(543,883)	(1,204,947)	(509,531)	(2,883,198)
Transfers from/(to) special reserves – included above, not in comprehensive income	(724,090)	526,800	1,978,108	2,378,278
Other gains and losses – included in comprehensive income, not above (excludes gross proceeds from sale of assets)	43,197	71,727	(461,865)	102,060
Income tax credit – included in comprehensive income, not above	(33,000)	-	952,158	-
Financial asset fair value adjustments – included in comprehensive income, not above	(238,079)	-	(181,133)	-
Property revaluation adjustments – included in Comprehensive Income, not above	60,000	-	(25,000)	-
Depreciation expense – included in comprehensive income, not above	(986,501)	(1,067,449)	(1,030,757)	(1,200,308)
Total comprehensive income for the year as per the Statement of Comprehensive Income	2,031,819	1,925,201	2,463,028	2,405,427

Resource management

Funding impact statement for the year ended 30 June 2013

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,905,149	7,868,985	7,858,778
Targeted rates (other than a targeted water rates)	-	-	-
Subsidies and grants for operating purposes	85,000	119,400	59,474
Fees, charges and targeted rates for water supply	2,501,237	2,538,168	2,129,602
Internal charges and overheads recovered	45,000	131,921	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,000	2,000	-
Total operating funding	9,538,386	10,660,474	10,047,854
Applications of operating funding			
Payments to staff and suppliers	9,118,222	10,366,735	10,091,383
Finance costs	-	-	-
Internal charges and overheads applied	3,272,728	3,625,277	4,183,767
Other operating funding applications	-	-	-
Total applications of operating funding	12,390,950	13,992,012	14,275,150
Surplus /(deficit) of operating funding	(2,852,564)	(3,331,539)	(4,227,297)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service	74,833	105,200	55,733
• to replace existing assets	57,200	55,500	71,294
Increase /(decrease) in reserves	-	-	112,443
Increase /(decrease) of investments	(2,984,597)	(3,492,239)	(4,466,767)
Total applications of capital funding	(2,852,564)	(3,331,539)	(4,227,297)
Surplus /(deficit) of capital funding	2,852,564	3,331,539	4,227,297
Funding balance	-	-	-

Major variances compared to the 2012/13 Long Term Plan

Operating funding:

Operating funding is under budget by \$613,000 predominantly due to:

- The internal recovery of hydrology services budgeted at \$131,000 not occurring in the resource management activity as an organisational restructure during the 2012/13 financial year transferred the hydrology function to the river management activity.
- Less than budgeted revenue of \$271,000 as a result of receiving fewer than anticipated consent applications to process.

- Less than budgeted compliance monitoring revenue of \$163,000 due to the reassignment of some monitoring staff to another council project.

Applications of operating funding:

Application of operating funding is over budget by \$283,000 predominantly due to:

- Unbudgeted expenditure of \$250,000 incurred on the eradication of Mediterranean fanworm.
- Unbudgeted expenditure of \$40,000 incurred in relation to a Ministry for Primary Industries (MPI) project, and \$10,000 unbudgeted expenditure for a contribution to the National Pest Control Agencies.
- Unbudgeted legal and consultancy expenditure of \$280,000 in relation to enforcement actions which will ultimately be recovered from fines for prosecutions.
- An additional \$111,000 of unbudgeted hearing committee and external commissioner expenditure predominantly incurred in association with the Regional Policy Statement.
- A restructure of hydrology department (\$410,000) which was transferred from the resource management activity (where the original budgets were reported) to the river management activity during the 2012/13 financial year.
- An additional \$126,000 in relation to Environment Fund, which is funded from the Environment Fund Reserve, and \$31,000 of unbudgeted expenditure relating to poplar planting supplies.
- A savings of \$160,000 in relation to consent applications expenditure due to receiving fewer consent applications and reduced legal fees expenditure along with a vacant staff position.

Applications of capital expenditure:

Capital expenditure is under budget by \$34,000 predominantly due to:

- A delay in purchasing \$25,000 of new water monitoring equipment for the Kaipara Harbour project as council had to wait for NIWA (lead agency of the project) to finalise the instrument requirements to be used in the project.
- The delay in proceeding with the new web entry data collation project as council did not have the required web structure to accommodate this project in 2012/13.
- Not purchasing the budgeted chemical new collection containers for the laboratory as the laboratory service was transferred to the Whāngārei District Council.

LEVELS OF SERVICE

Resource management

This group of activities includes:

Resource management planning – developing and reviewing regional plans, policies and strategies that support efficient and effective management of Northland’s natural and physical resources.

Consents – providing consents advice and processing resource consents.

Monitoring – monitoring and enforcing resource consent conditions, responding to complaints about alleged breaches of the Resource Management Act, and collecting data to assess the state of the environment and monitor effectiveness of plans.

Biosecurity – managing plant, animal and marine pests (including control and/or eradication) to minimise their adverse effects on the region’s biodiversity, primary production, economy and environment.

Land and biodiversity – promoting sustainable land management practices and maintaining the variety of Northland’s indigenous life forms.

Why we do these activities

Northland’s resources are the building blocks for the wellbeing of the region and its people. Our economy is largely based on primary industry, with well over half the region’s land devoted to farming, along with extensive exotic forestry and horticultural land uses. Our natural and physical resources are a large part of who we are and what makes Northland special, so it’s important they are well-managed.

Regional planning documents and management strategies (and the processes used to develop them) set out how the region’s natural and physical resources should be managed. The aim is to achieve the maximum benefits possible, minimise conflict and allocate resources efficiently while ensuring environmental bottom lines – and the needs and values of Northlanders – are met.

www.nrc.govt.nz/plansandpolicies

A regional approach is necessary to ensure Northland’s significant resource management issues are tackled in an integrated, coordinated, comprehensive, cost effective and forward-looking manner. The council’s consenting, monitoring, biosecurity, and land and biodiversity functions deliver the plans and measure our progress against the intended results.

The council has statutory responsibilities to deliver these functions under the Resource Management Act 1991, the Soil Conservation and Rivers Control Act 1941, the Biosecurity Act 1993, the Hazardous Substances and New Organism Act 1996, national policy statements and national environmental standards.

Contribution to council objectives

Our resource management activity contributes to the following council objectives.

Maintain and improve the quality of Northland’s overall environment by:

- Focusing on water as council priority;
- Ensuring the diverse needs of Northland’s communities are reflected in the council’s planning documents through effective collaborative and consultation processes;
- Promoting Māori participation in resource management and decision-making and recognising the place of Māori as tangata whenua in council’s planning processes and documents.
- Promoting community involvement in pest management and reducing the impact of introduced pests on environmental, economic and social values;
- Reducing the opportunity for new pests which may enter the region to establish, persist and spread;
- Contributing to making our harbours, foreshore and waterways clean and healthy through pest plant management programmes and the provision of information;
- Ensuring consent conditions on development proposals provide for the sustainable management of the environment;
- Promoting sustainable land management practices; and
- Monitoring the state of the environment to ensure desired environmental outcomes are being achieved, identifying significant trends/issues requiring actions and monitoring the effectiveness of plans, and compliance with resource consents.

Build a business-friendly environment that encourages business and employment opportunities by:

- Permitting activities that may otherwise be restricted by the Resource Management Act

where the council is confident that those activities will not have adverse impacts on current and future generations;

- Addressing Northland's economic wellbeing in the Proposed Regional Policy Statement;
- Sustainably managing Northland's natural resources in a way that is attractive for business and investment and supports industry growth in areas such as tourism, aquaculture and pastoral farming;
- Efficient and effective processing and administering of resource consents; and
- Working with developers on their development proposals to navigate the requirements of policies, plans and rules.

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

- Promoting regionally significant infrastructure in our Proposed Regional Policy Statement and regional planning;
- Working with the providers and promoters of infrastructure to get the best out of existing infrastructure and enable the constructions of new infrastructure; and
- Promote the provision of adequate affordable infrastructure such as stormwater systems, sewage and roading that complies with relevant resource consent conditions and regional plans.

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

- Factoring this into our policies and plans;
- Building partnerships with others; and
- Taking action such as minimising the impact that discharges can have on the natural environment so that it can be enjoyed for recreation and leisure activities.

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

- Raising awareness and knowledge of Northland's unique heritage and history through the council's planning processes;
- Ensuring the needs of future generations are taken into account when making policy decisions contributing to the sustainable development of Northland; and
- Recognising and protecting regionally significant landscapes and features through the council's planning documents.

What we did



Waiora Northland Water – a programme to improve Northland's freshwater management

The Waiora Northland Water programme is about improving the quality and management of the region's freshwater resources. It brings together both our existing and new to improve the quality and management of our lakes, rivers, aquifers and wetlands.

Established in 2012/13, the 30-year programme also incorporates council's plan for implementing new government requirements for managing freshwater (under the National Policy Statement for Freshwater Management, or NPS Freshwater).

We are taking a collaborative approach, looking at freshwater at a local level and bringing together local iwi/hapū, community members and organisations to help decide how they'll be managed.

Council's programme focussed first on the areas that need it the most. Three catchments (Mangere, Waitangi and Whāngārei) and two outstanding waterbodies (Waipoua River and Kai Iwi Lakes) made up the group of top-tier priority areas for Waiora Northland Water.

For each area, local representative groups will work to ensure the range of community/tangata whenua values and interests for freshwater in the area are reflected in decision-making.

This first year has been about building foundations for these groups and gathering information to support them, plus looking at the region-wide approach we need to take to water management, and additional priority waterbodies and catchments.

Governance of Waiora Northland Water is provided by council's Environmental Management Committee, and every committee meeting receives a progress update. Council has chosen to report progress on its implementation of the NPS Freshwater in its Annual Report.

Waioira Northland water – progress for 2012/13

During 2012/13 we have:

- Completed three RiVAS reports to help local groups establish uses, values and objectives for waterbodies (RiVAS is a methodology that can be used to generate information and help guide decision-making);
- Begun developing a methodology for establishing economic value of rivers;
- Reviewed existing monitoring programmes and introduced new ones, such as the fish monitoring programme, and carried out specific investigations on groundwater, sediment, turbidity;
- Carried out in-stream habitat assessments in the Mangere, Waitangi, Hātea and Otaika catchments;
- Investigated options for setting default water quantity limits across the region (in our report “Options for setting default water quantity limits in Northland”);
- Made progress on establishing collaborative catchment groups and catchment plans:
 - Kai Iwi Lakes – we are working with Te Roroa, Taharoa Domain Governance Committee, Department of Conservation and Kaipara District Council staff. Terms of Reference for the group have been drafted.
 - Mangere catchment – a collaborative group has been set up, with its first meeting in August 2013.
 - Whāngārei Harbour catchment – a catchment strategy, developed in partnership with Whāngārei District Council was completed. Terms of Reference for a catchment group have been drafted – the group will be formed have its first meeting in late 2013.
 - Doubtless Bay – at the request of Far North District Council, council has formed a local working group to look at local freshwater management.
 - Poutō dune lakes and Aupōuri dune lakes – these have been added to the list of outstanding waterbodies, During 2013/14 we will look for appropriate groups to provide local input on their management.
- Continued our work in the Kaipara Harbour catchment via the Kaipara Harbour Joint Political Committee and the Integrated Kaipara Harbour Management Group with Te Uri o Hau, Auckland Council and other stakeholders;
- Joined with Landcare Trust on the Waitangi Catchment and offered support to DOC on the Waipoua (outstanding waterbody).

- Identified prioritised and ranked Northland’s top 150 wetlands, provided site-specific information to the landowners of these wetlands (and the overall intentions of the project) and developed wetland minimum care standards.
- Become a “friend” of the “Sustainable Dairying: Water Accord” and partnered up with Dairy NZ, which is set to collaborate on and contribute to Waioira Northland Water.
- Completed 79 Farm Water Quality Improvement Plans, with another 92 in progress.
- Continued to build the region’s capacity to manage freshwater better through our demonstration projects and properties.

(Farm Water Quality Improvement Plans are required for Environment Fund grants. Plans outline action for implementing good practice measures known to reduce the contamination of water by sediment, nutrients and pathogens. They are advisory documents but indicate the benefits of and support available for good management practices including funding assistance.)

www.nrc.govt.nz/environmentfund

We had some delays to our plan development process because the government has not yet produced the National Objectives Framework, national standards and guidance. These are due out in 2013/14 and will impact on next year’s work.

Council will continue to monitor the state of freshwater in Northland, the pressures on it and the results of intervention. This will likely continue to be a mix of:

- region-wide monitoring for representative sites and land uses (such as the council’s river water quality monitoring network);
- permitted development and consent monitoring;
- incident investigations; and
- specific monitoring and investigations to help council and others understand and prioritise catchments, interventions, objectives and limits, and policy development.

We will also continue to develop with major industry good management practices (forestry, horticulture, etc.) and participate in the Northland Effluent Improvement Project group. The group is made up of representatives from council, Fonterra, DairyNZ, Farmers of NZ, Federated Farmers, and other farmer representatives. This main group and a working group meet regularly to work collaboratively to improve management of farm dairy effluent on farms in Northland. The group regularly reports to the Environmental Management Committee.

As a result of year one of Waiora Northland Water, our priority areas for action are developing and Northland's communities have better information and are engaging more in local and regional water management.

Development of the New Regional Policy Statement for Northland

During 2012/13 we continued to develop the new Regional Policy Statement for Northland, which sets out how our region's natural and physical resources will be managed. This is important for everyone because:

- It will guide regional and district plans which contain the rules around how people, businesses and industry use, develop and protect Northland's resources.
- It will ensure we have common objectives and consistent policies for managing Northland's resources and that they are managed in an integrated way.
- Resource consent decisions across Northland must have regard to the Regional Policy Statement.

The Proposed Regional Policy Statement was notified for public submissions in October 2012, attracting nearly 900 submissions on a wide range of topics. Common submission themes included genetic engineering, mining and the mapping process identifying the region's outstanding natural areas and coastal land.

Several hundred submitters took the opportunity to outline their views to a panel of independent hearings commissioners, during a five-week hearings period held during May-June 2013.

The commissioners' recommendations were presented to councillors for their consideration and they adopted them as their own decisions at the public council meeting in September 2013. This completed the formal consultation process and represents the culmination of more than three years' work which has involved input from a wide range of individuals and groups along the way.

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.

State of the Environment (SOE) Report 2012

During 2012 council collated monitoring data from the previous five years to prepare the State of the

Environment Report 2012 (available online at www.nrc.govt.nz/soe).

The report tracks environmental trends during 2007-2011 and informs both the council and the community as to what direction our environment is heading and whether the policies and programmes that we have in place are effective in promoting sustainable management, now and into the future.

The report also discusses the people of Northland, our society, economy and tangata whenua expectations. Each of these areas is impacted by and has an impact on our environment. The information provides a context to understanding the environmental conditions, pressures and responses in Northland.

The report shows that the state of Northland's environment is positive but, as with any report, there are also areas to be worked on (for example, water management, which is and will remain a key focus for the council through the development of Waiora Northland Water).

Alongside the SOE report the council continued to deliver its consents and compliance monitoring programmes with good results – for example, 61% of dairy farms were fully compliant with resource consent conditions and/or permitted activity criteria for 2012/13 monitoring season. Council also reviewed its monitoring programmes to better fit with information required under programmes such as Waiora Northland Water.

Biosecurity

The 2012/13 year has been very busy for our biosecurity response work. In addition to our involvement in the joint agency response to the Kauri dieback disease, we have responded to incursions involving koi carp, the kiwifruit vine disease Psa-V and the marine pest Mediterranean fanworm.

Alongside the major work programmes outlined below, we have also:

- Approved 30 Environment Fund applications to assist landowners to manage animal and pest plants on their land;
- Held public workshops and trained students on weeds and possum control; and
- Seen an increase in the number of kiwi as a result of our funding of kiwi restoration programmes at Whāngārei Heads and Hikurangi.

Kauri dieback

Kauri dieback is caused by a disease causing agent (pathogen) known as Phytophthora taxon Agathis

(PTA), or collar rot, and is capable of killing kauri of any age.

A joint agency response to reduce the spread of the disease was formed in October 2008. It includes Ministry for Primary Industries (lead agency), Department of Conservation (DOC), and several regional councils (Northland, Auckland, Waikato and Bay of Plenty).

As we end 2012/13 there have been no further verified incidents of Kauri dieback confirmed in Northland since the last survey round was undertaken; however, staff continue to follow up on any reports of dead and dying kauri to understand causes of kauri death. The joint agency team continues to be proactive in publicising the disease and warning of the risks of transferring it via contaminated soil and/or machinery.

In terms of future funding for the programme the joint agency team has commissioned the preparation of a business case to put before the Minister for Primary Industries in September 2013. This will include:

- An assessment of social, cultural, economic and environmental impacts and costs of kauri dieback disease and the impacts on the kauri ecosystems;
- Five, 10, and 20–50 year outcomes, objectives and activities;
- Identification of potential funding sources including a focus on not-for-profit and commercial sectors in addition to current partners; and
- Identification of the appropriate governance and the management and operational structure to achieve the outcomes.

Pest fish – koi carp incidents

Koi carp pose a major environmental threat as they are extremely invasive, very difficult to eradicate and impact on freshwater environments by reducing water quality and increasing streamside erosion. They are classified as containment pests in the Regional Pest Management Strategy, and the discovery of any new population triggers a biosecurity response.

During the year new pest populations were contained and we have successfully eradicated the Koi carp from a farm dam on the Pahi Peninsula working with DOC and the landowner. A total of 180 koi were removed.

Kiwifruit vine

Pseudomonas syringae pv. *actinidiae* (Psa-V) is a bacteria that can result in the death of kiwifruit vines.

It spreads via wind and rain and is also transferred by infected footwear, vehicles and orchard tools.

The disease is not part of the current Regional Pest Management Strategy but, given the disease's potential economic impacts for the region, the Environmental Management Committee agreed in July 2012 to work with Kiwifruit Vine Health (KVH) on the response. The agreement shared the costs of removing abandoned orchards and wild kiwifruit – controlling the vector.

Our biosecurity staff have provided assistance to growers and removed 50 abandoned and unmanaged orchards during the year. Some of these properties will require follow up work during the coming year to control regrowth of the vines.

As we end 2012/13, incidence of Psa-V is low in Northland – a pleasing result. Just 1% of vines in the Kerikeri area are affected and zero incidences within the Whāngārei growing area. No Psa-V symptoms have been observed at the single Psa-V positive orchard in Kerikeri since original detection/removal.

Mediterranean fanworm response

The discovery of Mediterranean fanworm – internationally recognised as a significant marine pest – in Northland during 2012 was an unwelcome discovery for the council's biosecurity team.

Mediterranean fanworm forms dense groups that compete with native species, and is a major nuisance fouling species in marinas, on boat hulls fishing equipment, and aquaculture structures.

The presence of fanworm on the hulls of three vessels in Whāngārei Harbour a year ago triggered a large-scale response for the council.

The aim of the response is eradication. The response included research, investigation, surveillance, monitoring and removal of the pest. Biosecurity staff have been working with marine industry stakeholders in Whāngārei and Bay of Islands to prevent further incursions. A charter – to ensure that vessels hosted by marinas or arriving for service and repair do not transfer the pest – was finalised during August 2013.

Council will continue to monitor for fanworm's presence, undertake control work as necessary, work with industry to minimise incursion risks, and emphasise to boaties the importance of regularly checking and antifouling their hulls.

Bovine tuberculosis

Bovine tuberculosis (TB) was found in seven herds in Northland and a high level of infection was found in young stock. No TB infection has been found in wild animals to date. While not a council responsibility, we continue to assist government and its agencies in their response.

Possums

Our communities continue to focus on possum control, with our assistance.

Performance measures and targets – resource management[∞]

[∞] Performance noted with the infinity sign was not audited in the 2011/12 year.

(1.1) Promote Māori participation in resource management and decision-making	
Why: Strong, effective and inclusive engagement and decision making that reflects kaitiakitanga responsibilities is likely to achieve better resource management outcomes that meet community aspirations and values.	
Performance measures and targets	Actual service performance to 30 June 2013
Management and governance arrangements for resource management include Māori. Target: Maintain or increase the number of contracts, joint management agreements, joint decision making and planning arrangements, monitoring programmes, between council and iwi/hapū Baseline 2010/11: 4	Result: 9 – achieved (2012: not measured [∞]) Contracts – 2 Joint management agreements – 0 Joint decision-making and planning arrangements – 6 Monitoring programmes – 1
(1.2) Reduce the impact of introduced pests on environmental, economic and social values	
Why: Reducing pests will contribute positively to the region's economy, environment and culture.	
Performance measures and targets	Actual service performance to 30 June 2013
The number of community pest control areas (CPCAs) achieving their targets for pest reduction. Target: 90% New measure	Result: 80% – not achieved (2012: not measured [∞]) Performance targets were met for eight of the 10 CPCAs (80%). Pipiwai CPCA missed its targets due to the possum control method used and an influx of possums relocating from a neighbouring forestry block which was being logged. Puketotara CPCA fell short of targets due to inadequate control – bait placement/amount – being used. However, both will be re-monitored in October 2013 and are expected to meet their targets for next year due to remedial action that has been put in place.
(1.3) Promote community involvement in pest management	
Why: Expanding the resources involved beyond council and government funds is necessary for successful pest management in Northland.	
Performance measures and targets	Actual service performance to 30 June 2013
The number of active community pest control areas (CPCAs). Target: Increases by five annually Baseline 2010/11: 36	Result: 42 (increase of 2) – not achieved (2012: 5 new community pest plans were approved) There was an uncharacteristic drop in demand from community groups for CPCAs this year despite council promotion. Council will closely monitor the situation to determine if this is likely to be an on-going trend and, if so, why. Initial enquiries and work completed indicate that the target set for the 2013/14 year will be met (i.e. that there are willing communities wishing to be involved in new CPCAs). During 2013/14, we will look at new models and methods for community involvement and self-provision for successful pest management.

(1.4a) Maintain and enhance water quality for swimming and shellfish collection

Why: The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.

Performance measures and targets	Actual service performance to 30 June 2013
<p>The water in our priority harbours, rivers and at the coast is suitable for swimming except for two-five days after rain.</p> <p>The revised target that council is using to report on for this and future years is: The percentage of faecal indicator bacteria results that are within the Ministry for the Environment's guideline values for bathing will be maintained or improved at the 20 core bathing sites monitored for trend, compared to the benchmark results from the 2007/08 swimming season, which is 93%.</p> <p>New measure</p>	<p>Result: 93% – achieved (2012: achieved 200%)</p> <p>This relates to the revised target. The sites are sampled 12-18 times at weekly intervals each summer bathing season. (Testing starts in late November each year and continues for 18 weeks through to March the following year. To get our percentage we add the compliance rates for all 20 sites and divide by the total number of sites (20) to provide average compliance rate.)</p> <p>Note: The 'suitability for recreation grade' (SFRG) is no longer an appropriate measure of the suitability of a site for bathing/swimming in Northland. Council will now use the Ministry for the Environment's 'guideline values for bathing', a more robust national baseline and system for benchmarking purposes..</p>

(1.4b) Maintain and enhance water quality for swimming and shellfish collection

Why: The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Shellfish collection is safe in open coastal areas.</p> <p>Target: Levels of indicator bacteria in open coastal waters at 15 popular shell fish collections sites is maintained or improved</p> <p>New measure</p>	<p>Result: no data (2012: not measured)</p> <p>Measurements taken during 2012/13 act as the baseline for future reporting.</p> <p>The permanent sites and baseline medians set for future measurement are:</p> <p>Baylys beach at Sea View Rd – 2; Intertidal beach at One Tree Point east cliffs – 2; Mangawhai Heads at motor camp – 8; Matauri Bay at camp ground – 2; Ngunguru Estuary at school – 14; Oakura Bay at beach – 2; Ocean Beach – 2; Ohawini Bay at Parutahi Beach – 24; Paihia at Te Haumi River – 10; Pataua South at east end of beach – 10; Ruakaka River at motor camp – 10; Sandy Bay at beach – 2; Taipā estuary at motor camp – 2; Teal Bay at beach – 10; and Tinopai at below shops – 10. For more information please see www.nrc.govt.nz/shellfishgathering. Over a shellfish-gathering season, the guideline for recreational shellfish gathering water quality is:</p> <ul style="list-style-type: none"> • a median faecal coliform count not exceeding 14 per 100 mL; and • not more than 10% of samples exceeding 43 per 100 mL. <p>Non-compliance with either of these parameters indicates that the water is not suitable for the purpose of recreational shellfish gathering.</p>

(1.5) Protect the life-supporting capacity of water, in-stream uses and values

Why: Having healthy rivers support our region's biodiversity and is a community expectation.

Performance measures and targets	Actual service performance to 30 June 2013
<p>The water in our streams supports a healthy habitat for flora and fauna.</p> <p>Target: The macroinvertebrate community index (MCI) at 10 regionally representative sites show improving or maintained trends (against the baseline trend set as at 30 June 2011 which is MCI 90.8)</p> <p>New measure</p>	<p>Result: MCI 91.15 – achieved (2012: Achieved ∞)</p> <p>The 10 sites are listed on page 97 of the Long Term Plan 2012-2022 and were selected from the council's long-term river water quality monitoring network. The sites cover a range of river catchments with different land uses and river habitat quality.</p> <p>For more information on the macroinvertebrate community index scores refer to the full reports on the council's website at www.nrc.govt.nz/riverdata</p>

(1.6) Maintaining and enhancing water quality in our rivers and coastal waters

Why: Consented activities should operate within their consents and not lower downstream water quality to ensure the integrity of the regional plans and overall environment.

Performance measures and targets	Actual service performance to 30 June 2013
<p>The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters.</p> <p>Target: Less than 100</p> <p>Baseline 2010/11: 111</p>	<p>Result: 128 – not achieved (2012: not measured as a single measure ∞)</p> <p>Council undertook a total of 2813 monitoring events during the 2012/13 year. 128 events were significantly non-compliant and had a decrease in water quality. (Non-compliance was typically associated with sewage treatment systems.) Council took the appropriate follow-up and/or enforcement action for the 128 events.</p> <p>While 128 events out of 2813 monitoring events is greater than our target of 100, the good news is that for every 100 events we monitor 96 are not in the "significantly non-compliant with a decrease in water quality" category.</p> <p>Council will continue to work with consent holders to achieve the stated targets and help them to avoid being significantly non-compliant and decreasing water quality. Ultimately the responsibility for complying with discharge consents rests with the consent holders and the responsibility for enforcement rests with council. Staff report monthly to council on enforcement action as part of council agendas and the council uses a range of methods to encourage compliance with the Resource Management Act, resource consents and regional rules including formal warning letters, abatement and infringement notices, enforcement orders and prosecutions.</p>

(1.7a) Maintaining and enhancing water quality in our rivers and coastal waters

Why: Non-consented farms should comply with the permitted activity criteria which have been put in place to avoid/remedy/mitigate adverse effects on the environment.

Performance measures and targets	Actual service performance to 30 June 2013
<p>The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.</p>	<p>Result: 42 – not achieved (2012: 45)</p> <p>A total of 251 non-consented dairy farms were monitored during the period, and 42 instances of significant non-compliance events resulting in an unauthorised/prohibited discharge to water were found. While it is</p>

(1.7a) Maintaining and enhancing water quality in our rivers and coastal waters

Why: Non-consented farms should comply with the permitted activity criteria which have been put in place to avoid/remedy/mitigate adverse effects on the environment.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Target: Less than 40</p> <p>Baseline 2010/11: 60</p>	<p><i>continued from pervious...</i></p> <p>disappointing to narrowly miss the target, this year's results show a clear downward trend in these events since the baseline was established with 45 events in the 2011/12 year.</p> <p>Council and dairy farmers are therefore on the right track. Council will continue to work constructively with farmers to support a further reduction in non-compliance events through information, education and assistance, and action where required.</p>

(1.7b) Efficient and effective compliance monitoring of resource consents

Why: To ensure compliance with conditions which have been put in place to avoid/remedy/mitigate adverse effects on the environment.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Those consents requiring monitoring are monitored as per the council's monitoring programme.</p> <p>Target: 100%</p> <p>Baseline 2010/11: 90%</p>	<p>Result: 96% – not achieved (2012: not measured collectively but individual targets were audited)</p> <p>This year we completed 96% of our programme, an improvement on the baseline year. The 100% target is set very high and while the council plans to complete all scheduled monitoring, at times resources and other factors such as weather can mean that the programme is not met. Priority is given to those consents that have the potential for larger adverse environmental effects.</p> <p>In line with previous years, many of the outstanding monitoring schedules were identified as low priority (e.g. those involving small quarries or jetties). Monitoring will be continued and/or completed in the 2013/14 year.</p>

(1.7c) Efficient and effective compliance monitoring of resource consents

Why: The community expect that consent conditions will be met so that the environment is protected.

Performance measures and targets	Actual service performance to 30 June 2013
<p>The appropriate action is taken to rectify significant non-compliances.</p> <p>Target: 100%</p> <p>Baseline 2010/11: 75%</p>	<p>Result: 99% – not achieved (2012: not measured collectively but individual targets were audited)</p> <p>Council narrowly missed its target with 99% of appropriate action having been taken by the end of the year.</p> <p>There were 260 significant non-compliances during 2012/13. Appropriate action had been taken to rectify 258 of these by 30 June 2013, with action to rectify the remaining two imminent.</p> <p>This measure is designed to ensure council takes appropriate action (and continues to do so) until non-compliance is resolved. Achieving a final positive outcome is not entirely under council's control but council works effectively with the majority of consent holders to ensure they take action to meet their consent conditions.</p>

(1.8) Maintaining a high standard of ambient air quality	
Why: The community expect that air quality will be maintained to acceptable levels.	
Performance measures and targets	Actual service performance to 30 June 2013
Air sheds meet the national environmental standards. Target: 100% Baseline 2010/11: 100%	Result: 100% – achieved (2012: Achieved) There are national standards for air quality. As part of implementing these standards we designated local air quality management areas (airsheds) where air quality is more likely to have levels of pollutants that exceed the national environmental standard for air quality. The monitoring results show that Northland’s air quality is good most of the time and complies with the standards. Our results are available online at www.nrc.govt.nz/soe

(1.9) Efficient and effective response and resolution of reported environmental incidents	
Why: To ensure timely and appropriate response to environmental incidents that has the potential to result in significant environmental effects.	
Performance measures and targets	Actual service performance to 30 June 2013
Incidents reported to the Environmental Hotline, where more than minor environmental effects have been confirmed, are resolved within 30 working days. Target: 70% New measure	Result: 85% – achieved (2012: not measured) There were 72 calls to the hotline that had more than minor environmental effects. Of these, 61 were resolved within 30 working days.

(1.10a and b) Efficient and effective processing and administering of resource consents	
Why: Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.	
Performance measures and targets	Actual service performance to 30 June 2013
All resource consent applications are processed in a timely manner. Target: 98%+ of all applications processed within the statutory timeframes New measure	Result: 100% – achieved (2012: Achieved – included bore permits) 100% of consents that were granted in the 2012/13 year were processed within statutory timeframes. It is important that council is efficient and complies with processing timeframes because this gives certainty to the process, avoids costs on communities, individuals and businesses from the process including avoiding the discounting of charges, costs on the wider economy, and adverse impacts on investment decisions.
Target: All bore permits processed within five working days New measure	Result: 98% – not achieved The target was narrowly missed, with 51 (98%) bore permits processed within five days and one permit (2%) processed within six days. The target of five working days is an internally set measure. The statutory requirement is that bore permits are processed within 20 working days. Council processed 100% of all bore permits within statutory requirements.

River management

Funding impact statement for the year ended 30 June 2013

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	335,537	527,454	523,686
Targeted rates (other than a targeted water rates)	1,225,037	1,457,841	1,485,309
Subsidies and grants for operating purposes	-	144,195	66,800
Fees, charges and targeted rates for water supply	-	-	5,130
Internal charges and overheads recovered	-	-	109,930
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	4,020
Total operating funding	1,560,574	2,129,490	2,194,875
Applications of operating funding			
Payments to staff and suppliers	1,370,795	1,861,597	1,930,334
Finance costs	19,405	39,735	30,205
Internal charges and overheads applied	126,622	235,124	253,703
Other operating funding applications	-	-	-
Total applications of operating funding	1,516,821	2,136,456	2,214,243
Surplus /(deficit) of operating funding	43,753	(6,967)	(19,368)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service	554,415	1,269,350	2,084,129
• to replace existing assets	-	53,405	-
Increase /(decrease) in reserves	81,456	(1,222,097)	(1,664,240)
Increase /(decrease) of investments	(592,118)	(107,625)	(439,257)
Total applications of capital funding	43,753	(6,967)	(19,368)
Surplus /(deficit) of capital funding	(43,753)	6,967	19,368
Funding balance	-	-	-

Major variances compared to the 2012/13 Long Term Plan

Operating funding:

Operating funding is over budget by \$65,000 predominantly due to:

- The internal recovery of hydrology services of \$109,000 which was originally budgeted in the resource management activity, however due to an organisational restructure during the 2012/13 financial year transferred the actual hydrology function has been reported in the river management activity.

Applications of operating funding:

Applications of operating funding is over budget by \$78,000 predominantly due to:

- A savings of \$351,000 in relation to the delay in the Rust Avenue Bridge replacement project, resulting from the tender for the physical works programme only going to the market in May 2013.
- A savings of \$142,000 in legal fees relating to the delay in the Rust Avenue Bridge replacement project.
- Unbudgeted expenditure of \$76,000 incurred in relation to assistance payments made to Kaeo home owners. While unbudgeted, these payments were fully funded from unbudgeted income received from the Far North District Council and central government.
- A restructure of the hydrology department (\$410,000) which was transferred from the resource management activity (where the original budgets were reported) to the river management activity during the 2012/13 financial year.

Applications of capital expenditure:

Capital expenditure is over budget by \$761,000 predominantly due to:

- \$1.4M of land purchase for the new Whāngārei detention dam which were originally budgeted to occur in the 2013/14 financial year.
- \$630,000 of the budgeted new Kaeo Stage 1 capital works not being utilised as the land use agreements for this project were not secured in the 2012/13 financial year.
- \$100,000 of the new Awanui Waihoe gates capital budget not being utilised as the early analysis proved there would be only a minor benefit incurred from these works. These works are now being considered as part of a wider catchment issue.
- \$157,000 of unbudgeted new capital expenditure being incurred relating to the retaining wall on the Tarawhatoroa stream, which was offset partly by an underspend in the budgeted Awanui renewal capital provision of \$52,000.

LEVELS OF SERVICE

River management

The river management group of activities only includes river management and is considered to be the mandatory activity called "Flood protection and control works" under the Local Government Act 2002.

Why we do these activities

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

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

Contribution to council objectives

The river management activity contributes to the following council objectives.

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

and

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

- Delivering flood protection and control works to reduce the risks associated with river flooding, protect human life, maximise the region's productivity and improve access around our region in times of flooding;
- Managing river maintenance and new river works with sustainability of the environment as a primary objective. For example, gravel extraction provides a local resource while reducing flood risk and in some cases reducing bank erosion.

What we did

Priority Rivers project

This work began with the development and implementation of flood risk reduction plans for 27 priority rivers in Northland. These plans, hydraulic flood models and detailed flood hazard maps have now been completed.

Improvements have been made to a number of the first generation hydraulic flood models, based on new information and/or improved understanding of the river systems. This has enabled improved flood mapping and more accurate simulation of flood mitigation works for design and development.

Awanui River scheme

The key objectives of the Awanui River scheme are to reduce flood risk to people, property and infrastructure from river and coastal flooding in urban and rural areas, and implementing soil conservation measures to reduce sedimentation of channels.

Maintenance of the scheme assets has been undertaken to a standard as agreed through consultation with the Awanui River Management Liaison Committee (and guided by the scheme asset management plan). This includes maintenance of stopbank assets, floodgate assets, and river channels, plus asset renewal works (Tarawhataroa stopbank repair). Further asset condition surveys have been undertaken to refine and prioritise asset management, and these survey results are updated in the scheme asset management plan. Mapping of erosion-prone land has been completed, and the council's Environment Fund is used to assist land owners to implement soil conservation measures within identified priorities. River hydraulic model refinement has progressed, and council has developed flood maps which provide the basis for simulating scheme improvement options.

The pre-feasibility assessment of scheme improvement works (required to reduce flood risk to urban Kaitiāia) is being used as the basis for the preliminary design. This is currently underway and is scheduled for completion in 2013/14.

We will review the preliminary design and pre-feasibility cost estimates – in conjunction with the

Awanui River Liaison Committee – before determining and consulting on final options.

Kerikeri/Waipapa River scheme

A new uniform targeted rate was established for properties within the Kerikeri, Waipapa and Wairoa River catchments to fund river maintenance, flood modelling maintenance and detailed design for river scheme options.

Preliminary design and hydraulic model simulations of proposed flood control works are complete and we are now reviewing the results. Detailed design and resource consenting is planned for 2013/14.

Kaeo River scheme

The Kaeo River Liaison Committee has decided to proceed with Stage 1 of the scheme and to monitor the results of that stage before deciding whether to implement Stage 2. Resource consent was obtained for the proposed Kaeo flood flow diversion scheme and land use negotiations for flood scheme works are nearing completion. Funding assistance agreements have been signed with eight of the 14 eligible property owners, and two have completed the works.

Whāngārei detention dam

Preliminary design was completed for the proposed detention dam at Kotuku Street in Raumanga, which will provide flood mitigation in urban Whāngārei. We

also commenced applications for resource consent and designations, and started land purchases. Purchase or compensation agreements have been completed for nine of the properties required for the dam.

Negotiations are continuing with land owners for the purchase of the remainder of the land required for the dam. Dependent on progress with securing the land use agreements, construction should be possible during the summer of 2014/15. The dam will be funded through an internal loan and repaid by extending the Whāngārei Urban Rivers Management Rate over 25 years.

Other works and maintenance

- Maintenance contracts were undertaken for Kaeo-Whangaroa, Awanui, Kerikeri, Whāngārei and Kaihū river schemes;
- A section of stopbank on the Awanui River was successfully repaired at a critical location, which avoided scheme failure; and
- Ten additional minor river works for critical debris removal were completed.

(The section of stopbank on the Awanui River was adversely affected by a reversal of the previous river straightening works; the reversal or realignment happened through natural processes.)

Performance measures and targets – river management

(2.1) Building flood protection schemes to protect life and property

Why: Well-designed flood protection systems protect human life and damage to property and infrastructure.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Number of failures of flood protection system for the Awanui, Whāngārei, and Kaeo, schemes below specified design levels.</p> <p>Target: Zero failures</p> <p>New measure</p>	<p>Result: Zero failures – achieved (2012: Not measured ∞)</p>

(2.2) Maintaining flood protection schemes to protect life and property

Why: Implementing the minor works programme ensures the river systems work to their best ability.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Implement the programmed minor flood control works for other rivers in accordance with the approved annual budgets.</p> <p>Target: 100% of programmed minor works completed</p> <p>New measure</p>	<p>Result: 70% – not achieved (2012: Not measured ∞)</p> <p>Ten minor river works projects were scheduled for in the 2012/13 year (as outlined in our Long Term Plan). Of these works, seven were completed. For the three works not completed there were issues with river processes, lack of community support and/or insufficient cost-benefit. The three minor river works projects not completed are:</p> <ul style="list-style-type: none"> • Panguru and lower Waihou maintenance assistance (insufficient gravel build-up to justify works). • Kawakawa township stopbank resource consent (insufficient support from stakeholders following the preliminary design and consultation; as a result the decision was made not to proceed on this basis). • Awapokonui maintenance assistance (establishment costs were prohibitive in comparison to the scale of job; a bulk contract will be established next season to leverage economies of scale).

Economic development

Funding impact statement for the year ended 30 June 2013

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	461,900	682,745	685,425
Targeted rates (other than a targeted water rates)	2,431,687	2,441,477	2,469,885
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	62,265
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	409,298	1,020,240	836,383
Total operating funding	3,302,885	4,144,462	4,053,958
Applications of operating funding			
Payments to staff and suppliers	1,483,619	2,368,804	2,266,499
Finance costs	1,006,656	696,114	792,879
Internal charges and overheads applied	10,437	117,288	131,695
Other operating funding applications	-	-	-
Total applications of operating funding	2,500,713	3,182,206	3,191,072
Surplus /(deficit) of operating funding	802,172	962,256	862,886
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service			
• to replace existing assets			
Increase /(decrease) in reserves	818,636	578,340	873,896
Increase /(decrease) of investments	(16,464)	383,916	(11,010)
Total applications of capital funding	802,172	962,256	862,886
Surplus /(deficit) of capital funding	(802,172)	(962,256)	(862,886)
Funding balance	-	-	-

Major variances compared to the 2012/13 Long Term Plan

Operating funding:

Operating funding is under budget by \$91,000 predominantly due to:

- The unbudgeted recovery of \$62,000 of work performed on behalf of external parties.

LEVELS OF SERVICE

Economic development

The economic development group of activities only includes economic development and encompasses the rating for the rescue helicopter, the Northland Events Centre and the Marsden Point Rail Link Joint Venture.

Why we do these activities

Central government's economic development policy recognises that regions and regional economic development are key drivers of New Zealand's overall economic performance. As a regional authority, this council makes a significant contribution to Northland's economic development through infrastructure development and environmental management. As a regional council, we can also research and analyse issues from a regional perspective.

The council wishes to improve Northland's economic performance and community wellbeing, and engage in economic development projects that increase:

- Jobs in Northland;
- Average weekly household income of Northlanders; and
- Gross Domestic Product of Northland.

Contribution to council objectives

The economic development activity contributes to the following council objectives:

Build a business friendly environment that encourages business and employment opportunities by:

- Providing economic and environmental information to ensure integrated and effective decision-making;
- Promoting Northland as a place to invest, work and visit;
- Supporting initiatives that attract investment, new businesses and skilled people into Northland;
- Working effectively and co-ordinating efforts with business and central and local government to ensure the best outcomes for Northlanders on issues of regional importance;
- Implementing internal improvement processes to build a business friendly environment that encourages business and employment opportunities; and
- Integrating economic wellbeing into our planning frameworks.

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

- Investing in economic development projects that meet the council's criteria for using the investment and growth reserve.

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

- Identifying infrastructure improvements that will support sustainable economic growth and development;
- Promoting, supporting and investing in projects that deliver regionally significant infrastructure; and
- Integrating regionally significant infrastructure into our planning frameworks.

What we did

We completed the transition to a single council-controlled organisation for economic development – Northland Inc. Limited – and council signed off Northland Inc. Limited's first Statement of Intent in May 2013. After a successful recruitment process this year Northland Inc. Limited's new chief executive started in early 2013/14.

The council is redirecting its investment income away from funding operations (and subsidising rates) to provide funding for the Investment and Growth Reserve to fund economic development projects. Up to \$1M of the reserve is available to fund the operational expenditure of Northland Inc. Limited.

While no specific projects for funding from the Investment and Growth Reserve were approved during 2012/13, council considered a number of possible projects and asked for further work to be done on establishing the business case for these. A number of these projects are expected to be presented to council for consideration during 2013/14.

Work was undertaken on structuring, collating and formatting indicators for publication in a quarterly economic newsletter; the first issue was published in July 2013.

Council has woven Northland's economic wellbeing into a range of strategies and plans such as the

Proposed Regional Policy Statement (www.nrc.govt.nz/newrps) released in October 2012 and our State of the Environment Report 2012 (www.nrc.govt.nz/soe)

There have been no new decisions that impact on the rescue helicopter, the Northland Events Centre and the Marsden Point Rail Link Joint Venture.

For the rescue helicopter, NEST has provided the council with six monthly reports for the periods ending 30 June and 31 December on the trust's financial position, use of the service and other relevant information. These reports are available online at www.nrc.govt.nz/agendas

2012-2013 Performance measures and targets – economic development

(3.1a) Investing in economic projects and ventures within Northland to increase Northland's economic performance

Why: Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Employment rate – the proportion of the labour force that is in paid employment.</p> <p>Target: Increases annually</p> <p>Baseline 2010/11: 91.5%</p> <p>New measure</p>	<p>Result: 90.8% – not achieved (2012: 91.1% ∞)</p> <p>Northland's employment rate has fallen from the base level of 91.5% in 2011 to 91.1% in 2012 and 90.8% in 2013. While economic activity as measured by GDP is now growing at a faster pace than during the global financial crisis, this has yet to be translated into a sustained improvement in employment. Two to three thousand fewer people are employed in Northland on a Full Time Equivalent basis than in 2008. However, the fall in the employment rate between 2012 and 2013 may be the result of an increase in the number of people seeking employment rather than people losing jobs – that is, people who had moved out of the labour force because of the lack of job opportunities may now be looking for employment.</p> <p>Council's key contribution to this measure is through Northland Inc. Limited and the council's use of the Investment and Growth Reserve.</p>

(3.1b) Investing in economic projects and ventures within Northland to increase Northland's economic performance

Why: Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Business growth – the ratio of business start-ups to business closures. (A ratio below 1 means there were fewer businesses in operation than previously.)</p> <p>Target: Increases annually</p> <p>Baseline 2010/11: 0.80*</p> <p>New measure</p> <p><i>*The baseline differs from the one published in the Long Term Plan 2012-2022 due to revised figures being provided by Statistics New Zealand.</i></p>	<p>Result: 0.66 (year ending June 2012*) – not achieved</p> <p>The ratio of business start-ups to closures in Northland has fallen from 0.80 in 2011 to 0.66 in 2012. This is the lowest ratio since statistics began in 2001. The fall in the ratio was due to both a decrease in the number of new business units created (from 1,482 in 2011 to 1,254 in 2012) and an increase in the number of business closures (from 1,860 in 2011 to 1,908 in 2012). A similar trend is observed throughout the rest of the country, with the national ratio falling from 0.97 in 2011 to 0.85 in 2012, its lowest rate since statistics began.</p> <p><i>* As the data for this measure is not available from Statistics New Zealand for the financial reporting year until October (and as such will be too late for annual reporting purposes), council will report on the previous year's results. For example, for the 2012/13 year council will report on results for the 2011/12 year and compare it to results for the 2010/11 year.</i></p> <p>Council's key contribution to this measure is through Northland Inc. Limited and council's use of the Investment and Growth Reserve.</p>

(3.1c) Investing in economic projects and ventures within Northland to increase Northland's economic performance

Why: Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Economic growth – real GDP per usual resident population.</p> <p>Target: Increases annually</p> <p>Baseline 2010/11: \$20,495*</p> <p><i>*The baseline differs from the one published in the Long Term Plan 2012-2022 due to revised figures being provided by Statistics New Zealand.</i></p>	<p>Result: \$21,305 (year ending June 2012*) – achieved</p> <p>This is a pleasing result, especially given the tough economic times of previous years (which were largely driven by the global financial crisis and droughts in Northland). Council's key contribution to this measure is through Northland Inc. Limited and the council's use of the Investment and Growth Reserve. In the case of drought our participation in rural support and our management of water is also essential.</p> <p><i>* As the data for this measure is not available from Statistics New Zealand for the financial reporting year until October (and as such will be too late for annual reporting purposes), council will report on the previous year's results. For example, for the 2012/13 year council will report on results for the 2011/12 year and compare it to results for the 2010/11 year.</i></p>

Hazard management

Funding impact statement for the year ended 30 June 2013

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,151,183	1,273,185	1,259,636
Targeted rates (other than a targeted water rates)	-	-	-
Subsidies and grants for operating purposes	78,918	71,132	88,661
Fees, charges and targeted rates for water supply	3,000	1,000	161,651
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	19,000	122,230	12,000
Total operating funding	1,252,101	1,467,547	1,521,948
Applications of operating funding			
Payments to staff and suppliers	1,144,432	1,251,341	1,263,328
Finance costs	-	12,924	3,000
Internal charges and overheads applied	280,412	456,890	480,622
Other operating funding applications	-	-	-
Total applications of operating funding	1,424,844	1,721,155	1,746,950
Surplus /(deficit) of operating funding	(172,743)	(253,608)	(225,002)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service	42,270	2,000	1,739
• to replace existing assets	-	-	-
Increase /(decrease) in reserves	100,000	120,000	120,000
Increase /(decrease) of investments	(315,013)	(375,608)	(346,741)
Total applications of capital funding	(172,743)	(253,608)	(225,002)
Surplus /(deficit) of capital funding	172,743	253,608	225,002
Funding balance	-	-	-

Major variances compared to the 2012/13 Long Term Plan

Fees charges and targeted rates for water supply:

- These are over budget due to the transfer of contract revenue received from Whāngārei and Kaipara District Councils from the local authorities' fuel tax, fines, infringement fees and other receipts activity to the fees charges and targeted rates for water supply activity. The revenue relates to the shared services arrangement council has with the district councils for the provision of Civil Defence Emergency Management functions.

LEVELS OF SERVICE

Hazard management

The hazard management group of activities includes civil defence emergency management, natural hazard management and oil pollution response.

Why we do these activities

Civil defence emergency management: A regional approach to civil defence emergency management allows for consistent coordination of emergency services and support organisations (including the regional council and three district councils). The government set up this regional approach in 2002 under the Civil Defence Emergency Management Act.

Natural hazard management: Northland is exposed to a range of natural hazards including storm/cyclone, tsunami, volcano, land instability, earthquake, rural fire and drought.

River flooding is Northland's highest natural hazard risk due to our extensive development on flood plains and exposure to high-intensity rainfall events.

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

Oil pollution response: Preventing and minimising the impacts of oil spills is vital to protecting our environment and enabling recreational activities on and around our waters. Preventing an oil spill through appropriate measures and processes also has economic benefits for high-risk businesses.

The council has responsibility under the Maritime Transport Act (1994) to plan for – and have in place contingency measures to deal with – oil spills in the coastal areas of Northland.

Contribution to council objectives

The hazard management activity contributes to the following council objectives.

Maintain and improve the quality Northland's overall environment by:

- Providing information to people and decision makers so that development, infrastructure and people are located in the right places; and
- Minimising the effects of these hazards on life, property and the quality of the environment.

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

- Working with various stakeholders to reduce the adverse effects of identified hazards on infrastructure and lifeline utilities;
- Providing information that can be incorporated into engineering design to ensure that infrastructure can withstand hazard events of a certain magnitude and/or return period; and
- Working in partnership with other organisations as part of the Civil Defence Emergency Management Group to ensure safer communities.

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

- Identifying major natural and man-made threats; and
- Reducing the impacts of these threats by ensuring that effective systems are in place to respond to, and recover from, any emergency.

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

- Identifying major natural and man-made threats and planning reduction, readiness, response and recovery at the community level.

What we did

The following is a summary of our key achievements for the 2012/13 year.

Civil defence emergency management (CDEM)

During the 2012/13 year the Northland CDEM group received two national tsunami alerts – both for tsunamis that had the potential to impact on Northland’s coast. These notifications were received and actioned in accordance with standard operating procedures.

We had in excess of 90 weather-related warnings, watches or thunderstorm events (Metservice notifications) during the year. None of these events resulted in significant flooding. Over Christmas forecasters warned of weather that could potentially impact the region adversely. Notifications were made allowing our communities to prepare; however, the impact was less than anticipated.

The 2012/13 resilience fund projects have all been completed on time and within budget except for the tsunami signage project (which has been put on hold for technical reasons and will proceed when updated evacuation material is available, before the end of the 2013/14 financial year).

Our business continuity project has gained national recognition and the project content was shared with other regional CDEM groups. We have held ten workshops with over 130 businesses and plan to do more next year with our partners the Northland Chamber of Commerce and the New Zealand Fire Service.

Developing community response plans is a priority project. Fifty-three communities now have plans, and we are also reviewing existing plans to ensure they remain fit for purpose. This is an on-going project with the objective to ensure that communities have high levels of readiness and response. In addition to finding out about community response plans, people wanting to prepare for a civil defence emergency will find key information to help them at www.nrc.govt.nz/getreadygetthru.

The first draft of the Northland Utility Lifelines Group’s Severe Weather Event Plan has been prepared. Our lifelines webpage can be accessed from www.nrc.govt.nz/civildefence.

We entered into shared service agreements with Whāngārei and Kaipara District Councils, to deliver civil defence services to the respective councils. This

arrangement has seen a change in the capability and capacity at the local level and a more collaborative and coordinated approach to civil defence emergency management delivery.

Natural hazard management

Flood hazard maps for 20 catchments were made available to the public on the council’s website (see www.nrc.govt.nz/floodmaps), and letters sent to affected land owners advising them of the maps. Works have been undertaken to improve the modelling and flood mapping for an additional six catchments, and maps will be made available to the public in the coming year.

We also completed beach profile monitoring to detect changes in shore profile at priority sites during summer and winter. Data gathered from this programme enables a better understanding of coastal systems in Northland, which assists the council and community when looking at the suitability and effect of development in and adjacent the coast.

Oil pollution response

Council maintained its oil pollution response capability. This includes having a contingency plan (including memorandums of understanding with primary response partners), a team of trained oil spill responders (with training occurring throughout the year), and 24/7 response capability, with on-call Regional On-scene Commander coverage.

All oil spill incidents reported during this period were dealt with within the required time frames. The incidents ranged from minor oil spills caused by leakages during fuel transfer on small vessels to a large diesel spill from a sizeable launch that ran aground off Whangaruru and broke apart. Our strategy is to contain and clean up as much oil as possible before it reaches our precious shoreline, fishing grounds and shellfish beds.

We also ran a large exercise (simulating a five-tonne oil slick near the entrance of the Whāngārei Harbour) involving trained responders from council, Refining NZ, Northport Limited, North Tugz, Auckland Council, Taranaki Regional Council and Maritime NZ to help prepare us to respond as efficiently and effectively as possible to real events.

Performance measures and targets – hazard management

(4.1) Maintaining a responsive and efficient civil defence emergency management system	
Why: Providing timely information and warnings helps protect the public and property.	
Performance measures and targets	Actual service performance to 30 June 2013
Nationally issued warnings are acknowledged within 30 minutes.	Result: 100% – achieved (2012: not measured ∞)
Target: 100%	This year our reporting of this measure concentrated on tsunami warnings. Next year we will expand our reporting to cover the range of warnings of significance to Northland’s communities, e.g. weather, water and flooding.
New measure	Social media (Facebook) was added to the tool box for the distributing warnings during 2012/13. All warnings and watches are now added to the Civil Defence Northland Facebook page. Roding information for weather events is now available at the AA Road Watch website.
	During 2012/13 successful bi-annual tsunami siren testing and maintenance work was carried out in Whāngārei and Kaipara and alarms have been installed and tested (successfully) in the Far North.
(4.2) Maintaining an effective civil defence emergency management system	
Why: Maintaining effective plans and response procedures is an important way to reduce the impact of any emergency situation.	
Performance measures and targets	Actual service performance to 30 June 2013
Emergencies are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	Result: Not applicable (2012: Achieved)
Target: 100%	There have been no events in the reporting period that have required a de brief and as a result no opportunities for Improvement directly relating to de briefs have been created.
Baseline 2010/11: 100%	We have continued to provide staff training opportunities, including the Emergency Operations Centre Information Pathways exercise, the Emergency Operations Centre set-up and resources, and CDEM Group Coordinated Incident Management System training. Support was also given to the Kaipara Civil Defence Officer, assisting with the Kaipara District Council Emergency Operations Centre exercise on 14 May.
(4.3) Providing accurate and timely flood warnings	
Why: Timely warnings are important to enable communities to take precautionary measures and safeguard property and livestock.	
Performance measures and targets	Actual service performance to 30 June 2013
Accurate and timely flood warnings issued.	Result: 100% – achieved (2012: not measured ∞)
Target: 100%	In excess of 90 weather related warnings, watches or thunderstorm events were the subject of Metservice notifications during the year. None of those events resulted in significant flooding.
New measure	

(4.4) Maintaining an efficient and responsive and efficient Oil pollution response	
Why: There is a high public expectation that our response will be effective and efficient.	
Performance measures and targets	Actual service performance to 30 June 2013
Evaluate and respond to a report of an oil spill within one hour of the report being received. Target: 100% Baseline 2010/11: 100%	Result: 100% – achieved (2012: not measured ∞) All oil spill incidents reported during this period were dealt with within the required time frames ensuring as much oil as possible was cleaned up or naturally dispersed before it reached our shoreline, fishing grounds and shellfish beds.

(4.5a and b) Maintaining natural hazard information and assessments to protect life and property	
Why: Identification of natural hazards and risk reduction options enables people to make an informed decision about the risks and what level of risk they are prepared to accept or mitigate. This information also flows into policy and land use planning which help to reduce risk where risk is deemed unacceptable.	
Performance measures and targets	Actual service performance to 30 June 2013
Maintain hazard information for river flooding and beach profiles. Target: Priority beach profile sites updated biennially New measure	Result: Updates completed – achieved (2012: not measured ∞) The Proposed Regional Policy Statement has used the latest available hazard information. Its policies and methods include making this information available and part of regional and district land use planning.
Target: Flood level monitoring at priority rivers updated within one month following every large flood event New measure	Result: No large flood events in 2012/2013 – not applicable (2012: not measured ∞)

Transport

Funding impact statement for the year ended 30 June 2013

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	728,233	889,482	893,172
Targeted rates (other than a targeted water rates)	410,476	495,851	498,882
Subsidies and grants for operating purposes	1,206,966	1,091,972	746,289
Fees, charges and targeted rates for water supply	1,425,382	1,529,096	1,489,169
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	6,055	9,800	-
Total operating funding	3,777,112	4,016,200	3,627,512
Applications of operating funding			
Payments to staff and suppliers	3,579,290	3,859,899	3,221,249
Finance costs	-	-	-
Internal charges and overheads applied	513,283	632,460	720,637
Other operating funding applications	-	-	-
Total applications of operating funding	4,092,573	4,492,360	3,941,885
Surplus /(deficit) of operating funding	(315,460)	(476,159)	(314,374)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service	204,480	47,600	93,063
• to replace existing assets	68,515	40,900	42,906
Increase /(decrease) in reserves	52,731	(26,606)	74,138
Increase /(decrease) of investments	(641,186)	(538,053)	(524,481)
Total applications of capital funding	(315,460)	(476,159)	(314,374)
Surplus /(deficit) of capital funding	315,460	476,159	314,374
Funding balance	-	-	-

Major variances compared to the 2012/13 Long Term Plan

Operating funding:

Operating funding is under budget by \$389,000 predominantly due to:

- Receiving \$345,000 less than budgeted subsidy revenue relating to the bus contract as the service was revised and rationalised in 2012/13.

Applications of operating funding:

Applications of operating funding is under budget by \$550,000 predominantly due to:

- A savings of \$94,000 relating to the Hātea River channel project. The project did not proceed as planned in the 2012/13 financial year due to a delay in the re-surveying of the river.

- A savings of \$349,000 relating to the administration of the Whāngārei bus service contract. The bus service was rationalised and reduced in 2012/13 resulting in a reduction in the contract price.
- A savings of \$23,000 in pilotage expenditure as external pilots were not available during some of the 2012/13 financial year and therefore the majority of pilotage was carried out by council staff.
- A savings of \$22,000 in debris disposal costs as the number of wreckages in 2012/13 were less than originally anticipated.
- A savings of \$23,000 in vessel running expenditure as a large amount of the work undertaken in 2012/13 was in the Bay of Islands, which is where the vessels are based and accordingly running expenses were lower than originally anticipated.
- A savings of \$22,000 relating to overtime expenditure as the number of oil spills and incident callouts in 2012/13 were less than originally anticipated.

Application of capital expenditure:

Capital expenditure is over budget by \$47,000 predominantly due to:

- The unbudgeted purchase of a new \$77,000 truck to be deployed into the oyster shell project. This was offset partially by savings in the purchase of new navigational aids.

LEVELS OF SERVICE

Transport

This group of activities includes regional transport management, passenger transport management, and harbour safety and navigation.

Why we do these activities

The transport network is New Zealand-wide with connections world-wide. Having a regional coordination, operational and planning role makes sense for ensuring efficient and integrated management of the network and its funding.

Passenger transport is about providing affordable, safe, integrated, responsive, accessible and sustainable transport services to the public.

Harbour navigation and safety management helps ensure safe movement of commercial and recreational vessels, and promotes and regulates safe boating and shipping practices to minimise maritime accidents, protect the environment and prevent losses to property and persons.

Regional councils are obliged to engage in a range of land transport planning, passenger transport and harbour management activities. Key legislation such as the Land Transport Management Act 2003, Maritime Transport Act 1994, Local Government Act 1974, Resource Management Act 1991 and New Zealand Port and Harbour Marine Safety Code direct and shape our involvement in these activities.

Contribution to council objectives

The transport activity contributes to the following council objectives.

Maintain and improve the quality of Northland's overall environment by:

- Improving the integration between land use, transport planning and impacts on the environment through our plans and strategies;
- Providing affordable passenger transport services which reduces demand on road infrastructure and harmful emissions; and
- Providing aids to navigation which enable a safe environment for recreational and commercial marine use and protect the environment from the adverse effects of maritime accidents (such as. oil leakage).

Build a business friendly environment that encourages business and employment opportunities by:

- Providing increased tourism opportunities through the pilotage of cruise ships to the Bay of Islands; and
- Managing the marine area to allow for the changing uses and needs of the marine sector.

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

- Ensuring roads and other transport infrastructure in Northland are improved, designed and built to meet future demand and provide for efficient and economic movement of goods and people around the region;
- Ensuring the region's transport infrastructure allows for the retention and future expansion of investment in Northland;
- Co-ordinating transport planning efforts throughout Northland and championing key infrastructure initiatives to achieve a comprehensive transportation system with route security; and
- Providing for safe navigation in harbours and safe business development.

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

- Providing navigation aids and harbour management to facilitate access to and use of marine environment – from tourism, fishing, diving, and access to kai moana through to commercial navigation and access to Marsden Point refinery and the port; and
- Providing pilotage that brings tens of thousands of visitors to the region each summer safely and income to the council.

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

- Promoting awareness and good practice and contributing to Northland being seen as a place to safely enjoy coastal, boating and tourist activities (through maritime safety education and advice, patrols and safety enforcement).

What we did

Council has continued to work with partners, district councils, government agencies and the community on transport planning, delivery and road safety.

While we did not achieve the record results of last year (for low numbers of fatalities and serious injuries) we remain undeterred in our efforts and welcome central government's Safe System Approach and the Regional Road Safety Action Plan that complement the Northland approach.

We have opened a new popular bus route in Whāngārei and the CityLink Bus Service operating there has continued to show positive passenger growth. We have therefore been able to keep the fares charged at an affordable travel level.

As the year came to an end the Land Transport Management Amendment Bill was enacted, which will have implications for the Regional Land Transport Strategy and Programme, public transport planning and the composition of the Regional Transport Committee next year. The implications and our progress against the strategy, programme and plans

has been reported to the Regional Transport Committee throughout the year (see www.nrc.govt.nz/agendas).

During 2012, the Navigation Safety Bylaws were reviewed through an extensive public consultation programme. The new Bylaw came into force on 1 July 2012. Key changes included strengthening the requirements for carrying and wearing life jackets and changes to the requirements for the maintenance of moorings to improve safety.

Thirty-eight cruise ships were safely piloted in and out of the Bay of Islands during this period. The ships ranged from the 345 metre long Queen Mary II to a few smaller super-yachts that visited our region.

We maintained our navigation aids and dealt with all reported failures within the required time frames. We also completed all the planned maintenance programmes for our navigation aids, which significantly reduces the risk of future failures.

In addition we worked with Maritime NZ to set up a national steering group.

Performance measures and targets – Transport

(5.1) Embed safety in the thinking of all Northland road users

Why: There is a community expectation and national directive to make our roading network safer.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Reducing the annual number of fatal motor vehicle crashes in Northland.</p> <p>Target: <20</p> <p>Baseline 2010/11: 21*</p> <p>* Based on average fatal crashes for the four years up to June 2011.</p>	<p>Result: 15 – achieved (2012: 7 fatalities)</p> <p>The 2012/13 year had the third best results on record. This continued success was again hard won. Maintaining it will require on-going strong systems and sustainable resourcing to identify issues, carry out analysis, develop further effective interventions, monitor our progress, and communicate the results. The government's Safe System Approach and the Regional Road Safety Action Plan complement the excellent work by partner councils, agencies and the community.</p>
<p>Reducing the annual number of serious injury motor vehicle crashes in Northland.</p> <p>Target: <90*</p> <p>Baseline 2010/11: 92**</p> <p>* The performance target and baseline data that was published in the Long Term Plan for this measure was incorrect; the target shown above is based on the correct data.</p> <p>** based on average serious injury crashes for the four years to June 2011.</p>	<p>Result: 79 – achieved (2012: not measured ∞)</p> <p>As above.</p>

(5.2) Providing an efficient and effective public bus service

Why: A reliable and effective bus service will have an increasing number of patrons.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Number of passengers for the Whāngārei urban bus service.</p> <p>Target: Increases annually</p> <p>Baseline 2010/11: 287,006</p>	<p>Result: 305,737 (+8,432) - achieved (2012: Achieved, result: 297,305 ∞)</p> <p>The CityLink bus service operating in Whāngārei has continued to show positive passenger growth. This continued growth means council has been able to keep fares at an affordable level. A new route was opened along Fairway Drive to the city centre early in the financial year which has proved very popular.</p>

(5.3) Maintaining navigation aids for safe navigation

Why: Safety of harbour and coastal waters. Also mitigates environmental problems of oil spills from wrecks.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Failures to navigation aids are repaired within five working days of reporting.</p> <p>Target: 100%</p> <p>New measure</p>	<p>Result: 100% - achieved (2012: not measured∞)</p> <p>Each month the CEO reports what was attended to (and repaired) in his report to council (see www.nrc.govt.nz/agendas). Repairs range from repairs to buoys and beacons, the replacement of batteries and lights and the renewal and replacement of navigation aids as required. There were no reported failures to navigation aids caused by council inaction.</p> <p>During the year an external audit by Telarc of the pilotage and buoys and beacons maintenance systems was completed. The audit report was very positive with no non-conformances; a good result.</p>

(5.4) Providing safe pilotage services for vessels entering the Bay of Islands.

Why: Pilotage provides additional safety. Large ships carry large amounts of oil.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Number of incidents from providing pilotage services within Bay of Islands harbours.</p> <p>Target: Zero incidents related to pilotage</p> <p>Baseline 2010/11: 0</p>	<p>Result: Zero incidents – achieved (2012: zero incidents – achieved ∞)</p> <p>Thirty-eight cruise ships were safely piloted in and out of the Bay of Islands during this period. The ships ranged from the 345 metre long Queen Mary II to a few smaller super-yachts that visited our region.</p> <p>As above, our external audit of pilotage was positive.</p>

Community representation and engagement

Funding impact statement for the year ended 30 June 2013

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,148,798	1,385,850	1,391,289
Targeted rates (other than a targeted water rates)	-	-	-
Subsidies and grants for operating purposes	-	60,000	-
Fees, charges and targeted rates for water supply	-	-	29,624
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	8,000	-	-
Total operating funding	1,156,798	1,445,850	1,420,913
Applications of operating funding			
Payments to staff and suppliers	1,681,635	1,910,913	1,758,436
Finance costs	-	-	-
Internal charges and overheads applied	365,311	451,925	521,399
Other operating funding applications	-	-	-
Total applications of operating funding	2,046,946	2,362,838	2,279,835
Surplus /(deficit) of operating funding	(890,148)	(916,989)	(858,922)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service	-	-	-
• to replace existing assets	-	-	-
Increase /(decrease) in reserves	-	-	-
Increase /(decrease) of investments	(890,148)	(916,989)	(858,922)
Total applications of capital funding	(890,148)	(916,989)	(858,922)
Surplus /(deficit) of capital funding	890,148	916,989	858,922
Funding balance	-	-	-

Major variances compared to the 2012/13 Long Term Plan

Applications of operating funding:

Operating funding is under budget by \$83,000 predominantly due to:

- A saving associated with lower than budgeted wages and salaries cost as a senior management position was vacant for six months of the year.

LEVELS OF SERVICE

Community representation and engagement

This group of activities only includes the community representation and engagement activity.

Why we do these activities

Community representation through elected councillors is the central part of the democratic process and is dictated by statutory requirements. Essentially the role of elected members is to provide good governance over the functions and responsibilities of the council.

The Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, the Local Electoral Act 2002 and other relevant legislation set out the role of elected members and places obligations relating to the conduct of regional council business.

These obligations are designed to ensure that the council:

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

Contribution to council objectives

The community representation and engagement activity contributes to all of the council objectives.

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

Councillors play an instrumental role in delivering council objectives. They make policy decisions based on their understanding and representation of the views of the communities of region, involve local people in local issues, promote collaborative decision-making, ensure council processes are transparent, and follow council policies and procedures. This promotes local democracy and encourages community participation and engagement in decision-making.

What we did

The key focus of our work this year has been on better representation and service delivery.

Local government reorganisation

The issue of how to best structure local government in Northland has been raised a number of times over the years. In December 2012, the Far North District Council applied to the Local Government Commission to have a unitary authority created, combining the functions of a district and regional council in the Far North.

When the commission called for alternative proposals by 15 April 2013, council lodged an alternative application proposing a structure of local boards – with real, legally-protected powers – supported by a single unitary authority in Northland.

Our alternative proposal was submitted after careful consideration of the options for local government in Northland and engagement with as many individuals and communities as time would allow. We held a series of in-depth facilitated public consultation workshops and meetings (in Kaitiāia, Kerikeri, Kaikohe, Whāngārei, Dargaville and Mangawhai) in late March and early April 2013. The 167 participants favoured – by a considerable margin – either an enhanced version of the status quo or a single local authority underpinned by strong, legally-empowered local boards.

The status quo is already one of the options the Local Government Commission is legally bound to investigate. Therefore, council put forward the alternative single council (unitary authority) for Northland with local democratic decision-making (local boards). We also indicated the level of support for an enhanced status quo to assist the commission in determining community support for change.

As 2012/13 came to an end, the commission was still working through its process and had not made a determination about its preferred option. Council will be talking with the community again once the commission has made its determination.

New representation arrangements

The council conducted a review of its representation arrangements. As a result, at this year's local body elections Northlanders will vote for nine regional councillors (one more than currently elected) representing seven, smaller constituencies.

The regional council's seven new constituencies are Te Hiku, Hokianga-Kaikōhe, Coast North (two councillors), Coastal Central, Whāngārei Urban (two councillors), Coastal South and Kaipara – achieving a better geographical spread than under the previous model. Each of the nine councillors will represent an average of 17,578 people.

This new arrangement better reflects Northland's communities, characteristics and distinct geography (including our river catchments, coastal areas and rural hinterland). Councillors will come from local communities and know the local issues, which will improve democracy and community engagement in local government.

New collaborative arrangements

In addition to (and building upon) the collaborative approach council has taken to river liaison, council has adopted the same approach to freshwater management. During 2012/13 council started the process of setting up sub-committees with local level representation, bringing together local iwi/hapū, community members and organisations to help decide how local waterbodies and catchments will be managed. For more details, see the Waiora Northland Water update on page 34.

Performance measures and targets – Community Representation and Engagement

(6.1a) Maintaining effective, open and transparent democratic processes

Why: This is council in action – facilitating community participation in decision-making.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Submissions received on council's long term plan and annual plan.</p> <p>Target: Increasing number of submissions for Annual Plans and Long Term Plans</p> <p>Baseline 2010/11: 220</p>	<p>Result: 18 – not achieved (2012 LTP result: 976 ∞)</p> <p>This is a significant reduction in the number of submissions received on both the Annual Plan 2011/12 and the Long Term Plan 2012-2022 (LTP).</p> <p>While council has not formally investigated the reasons for the low submissions numbers, the following factors potentially contributed:</p> <ul style="list-style-type: none"> • The Annual Plan this year did not alter the direction of the projects contained in the LTP which the community had already been consulted on (the only substantial change was a reduction in the projected rates for 2013/14, which people were likely largely happy with). • Consultation on the draft Annual Plan was very early (January/February 2013), very close to the adoption of the LTP and another significant council consultation on the Proposed Regional Policy Statement (which was notified in October 2012). While the Draft Annual Plan was publicised using the usual channels people may have had consultation fatigue or thought this consultation was less of a priority for them.

(6.1b) Maintaining effective, open and transparent democratic processes

Why: Providing responses to submitter feedback enhances the experience of submitters and encourages their ongoing participation in local government decision making processes.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Time to respond to submitters post adoption of annual plans and long term plans.</p> <p>Target: Within one month of adoption</p> <p>Baseline 2010/11: One month</p>	<p>Result: All responses sent within one month – achieved (2012: not measured ∞)</p> <p>The Annual Plan was adopted on 21 June 2013. All Annual Plan final responses were sent on or before 12 July 2013.</p>

(6.2) Providing effective advocacy on behalf of Northlanders on matters of regional significance

Why: This is council in action – advocating for Northlanders on issues of importance to them.

Performance measures and targets	Actual service performance to 30 June 2013
<p>Level of advocacy undertaken on issues of importance to Northland over and above government submission processes.</p> <p>Target: 10 submissions made annually</p> <p>New measure</p>	<p>Result: 13 – achieved (2012: not measured ∞)</p> <p>The Chairman's report to council each month covers the significant matters and key messages that council has promoted to others. This year the focus of our advocacy has ranged from local government reorganisation and reform, oil, gas, petroleum and minerals, economic development, biosecurity and our relationships with stakeholders and their strategies and plans. We have had our successes, for example:</p> <ul style="list-style-type: none"> • Successfully influencing the government's local government reform agenda highlighting the potential benefits of local boards to Northland's communities and affecting the content of future legislation. • Successfully influencing the Local Government Commission's timetable

(6.2) Providing effective advocacy on behalf of Northlanders on matters of regional significance

Why: This is council in action – advocating for Northlanders on issues of importance to them.

Performance measures and targets	Actual service performance to 30 June 2013
	<p><i>continued from previous...</i></p> <p>for Northland reorganisation (it has slowed down) to ensure that the Northland reorganisation timetable aligns with potential law changes that could deliver enhanced modern local democracy and local decision making.</p>

Support services

Funding impact statement for the year ended 30 June 2013

The funding impact statement below relates to council's support services which are the corporate and support functions for the organisation and include the expenditure and funding sources for commercial activities (interest, dividends and rental income) finance operations, records administration, human resources, communications, information technology and other administration.

	LTP Comparative 2011/12 Annual Plan \$	2012/13 Long Term Plan \$	2012/13 Actual \$
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	803,217	-	336,348
Targeted rates (other than a targeted water rates)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	26,419	37,000	57,124
Internal charges and overheads recovered	5,919,340	6,152,066	6,929,121
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	6,052,221	6,187,403	7,023,786
Total operating funding	12,801,198	12,376,469	14,346,379
Applications of operating funding			
Payments to staff and suppliers	5,542,046	5,415,291	6,424,195
Finance costs	1,000	1,000	69
Internal charges and overheads applied	369,486	16,249	19,289
Other operating funding applications	-	-	-
Total applications of operating funding	5,912,533	5,432,541	6,443,554
Surplus /(deficit) of operating funding	6,888,665	6,943,929	7,902,825
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	65,455
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	65,455
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve levels of service	2,237,007	1,576,616	1,534,262
• to replace existing assets	769,875	448,500	571,049
Increase /(decrease) in reserves	1,325,455	1,077,163	(240,327)
Increase /(decrease) of investments	2,556,328	3,841,650	6,103,295
Total applications of capital funding	6,888,665	6,943,929	7,968,280
Surplus /(deficit) of capital funding	(6,888,665)	(6,943,929)	(7,902,825)
Funding balance	-	-	-

Major variances compared to the 2012-13 Long Term Plan

Operating funding:

Operating funding is over budget by \$2M predominantly due to:

- Rate penalties charged for late or non-payment of rates of \$582,000, rates remissions of \$188,000 and rates discounts of \$65,000.
- The internal recovery from council's activities of over budget support expenditure, in particular \$746,000 relating to the greater than budget doubtful debt provision.
- Dividend income from the Northland Port Corporation (NZ) Limited being \$665,000 greater than budget.

Applications of operating funding:

Applications of operating funding is over budget by \$1.011M predominantly due to:

- The provision for doubtful debts being greater than budget by \$746,000.
- An additional \$155,000 of expenditure incurred in relation to computer consumables and software licensing and maintenance.
- Wages and salaries being over budget by \$153,000; however, this was partly funded from savings made in the community representation and engagement wages and salaries area.
- The unbudgeted expenditure of \$63,000 relating to the seismic evaluation on council's Water Street building and greater than budget repairs and maintenance expenditure.
- A saving of \$93,000 in iwi related projects, as a suitable project in line with council's wishes was not identified in the 2012/13 financial year.