

Long Term Plan 2018-2028

Te Mahere Roa 2018-2028



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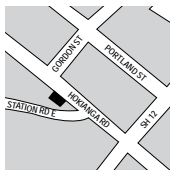
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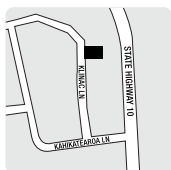


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Overview Tirohanga whānui



Mihi

Tīhei wā mauri ora!

Tuatahi he mihi ki to tātou kaihanganga mo tona manaakitanga i runga i a tātou,
Tuarua, he mihi aroha ki nga tini mate kua wehe i te po, i te tau e pahure, haere koutou.

He mihi tēnei ki a koutou, ngā iwi, ngā hapori o Taitokerau.

Ko tenei ōu tātou mahere roa tirohanga matatau mo te rohe o Taitokerau.

Tēnā koutou, tēnā koutou, tēnā tātou kātoa i ōu tātou rohe atāhua.

This is a greeting and acknowledgement to the people and communities of Northland, and proudly introduces this Long Term Plan.



Message from Chair and Chief Executive Ngā karere mai i te Heamana, Tumuaki

Welcome to our Long Term Plan 2018–2028, the boldest and most visionary Long Term Plan that council has ever created, and one which has been developed in response to demand from the community and central government, as well as council's desire to do more. The plan sets out what outcomes we are working toward with our communities, and how we are going to achieve these, in line with our vision: "Our Northland – together we thrive".

When we took this ambitious plan out to our community, we hoped we would get feedback from you that would give us a real sense of what you want us to do. We have not been disappointed.

We received more than 2200 submissions during our intensive month-long public feedback period, with written feedback pouring in via our hardcopy submission form, emails, letters and our online consultation portal. Additionally, people shared their views with us in person at our 'Have Your Say' events held around the region and through social media.

We are impressed by – and appreciative of – the level of community interest in our proposed Long Term Plan and the quality of the submissions received.

Feedback demonstrated that people are aware that there is a price tag associated with doing new work, with strong support demonstrated for more spending on our 'big three' region-wide consultation priorities of water, pests and flood infrastructure. Thanks to this feedback, we are going ahead with plans to significantly up our work in these areas. In most cases, we've stuck with what was outlined in the proposed plan, but we've made some changes where there was support for us to do extra, and where we thought this was reasonable when weighed against required rate increases.

We'll be doing more to care for Northland's fresh and coastal water, spending an extra \$2.4 million a year by 2021. This includes extra work to get things done faster, such as increased environmental monitoring. We'll also be going ahead with extra pest management work, spending an additional \$2.3 million a year on pest management by 2021, with some adjustments to allow for more Kauri dieback work.

Chairman Bill Shepherd (left) and Chief Executive Malcolm Nicolson



We asked you what you thought was the fairest way to pay for flood protection works for communities around Northland. Our proposal was a 50/50 split between the affected community and the wider region. As a result of feedback we have upped the portion to be funded by region-wide ratepayers, who are now going to contribute 70% of the cost of new flood protection infrastructure.

This new funding structure will allow us to proceed with vital flood protection works, including a \$15 million upgrade to the Awanui flood scheme, which protects Kaitiāia. Flood works for Whangārei and Kaeo will proceed as proposed, while, thanks to feedback from local communities, works for Panguru will be brought forward and the ball will start rolling this year. Our proposal for flood works at Taumarere sparked debate, and we are now taking some more time to consult with the community on the best option for this community, before proceeding with these works.

We also weighed up community support when deciding to continue our support of emergency services but to make the fund non-contestable, to continue the regional infrastructure rate, to make changes to our transport rates, and stop funding Creative Northland. We received overwhelming

support to establish a new region-wide rate to support regional sporting facilities, and are proceeding with this proposal.

Our community showed a high level of support for our proposed spends in these and other areas, which amount to an average increase of \$69.51 per ratepayer on average for the coming year. The actual amount you pay will vary, depending on where you live, how much your property is worth, and if any targeted rates are applied to your property.



Bill Shepherd
Chairman

Within the pages of this document, you will find more comprehensive details about what we are going to do to help our region thrive. We think this Long Term Plan represents a vital investment in our region's environment and we look forward to working with you to help Northland flourish.

Thank you for backing our proposals – we could not bring these aspirations to life without your support.



Malcolm Nicolson
Chief Executive Officer

Manaaki whenua, Manaaki Tangata, Haere Whakamua
Caring for the land, caring for the people, go forward

Your regional councillors

Ō koutou Kaikaunihera



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Council's strategic direction

Te mahere rautaki a te Kaunihera

This plan is underpinned by our strategic direction, which drives what we do, and how we pay for it. Our strategic direction for the coming decade is driven by our vision: 'Our Northland - together we thrive'. Our mission, values, activities and areas of focus are shown below.



What you told us Ō koutou korero

Me mahi tahi tātou mō te oranga o te katoa

Working together for the wellbeing of everyone

We had some big decisions to make on the work included in this Long Term Plan, and relied on our communities to help us make those decisions. Our process of consultation began in September 2017, when we carried out a period of pre-consultation, asking the people of Northland what their priorities were for Northland's environment, economy, and communities for the next 10 years. We met the community at a series of six 'pop-up' sessions held at local markets around Northland, and also ran an online survey. The feedback clearly showed that the community wanted us to:

- Do more to clean up our waterways.
- Do more to protect our native species.
- Do more to provide better flood protection.

The feedback provided during this period of pre-consultation, and during workshops with the Te Tai Tokerau Māori and Council Working Party and the Māori Technical Advisory Group, was considered during the development of the proposals that made up our Long Term Plan 2018-2028 Consultation Document.

Once our proposals for work to be carried out during the next 10 years were finalised, we compiled a consultation document that set these out and presented options. A period of consultation was carried out to see what our communities thought of these proposals, with the consultation document forming the basis of this consultation. The formal period of consultation ran from 14 March to 17 April 2018, and a wide range of communication tools was used during this time to promote the proposals and the process. Promotion was carried out via our website, local newspaper advertising, media releases, radio advertising, a social media campaign, and via the Regional Report. We also emailed interested parties on our mailing list, and directly mailed ratepayers in our flood catchment areas who were likely to be significantly impacted by flood work and targeted rate increases that were proposed.

Written feedback was invited by way of our online consultation portal, email, our hard copy feedback forms, and letters.

During the consultation period we ran seven 'Have Your Say' events around the region, which presented an opportunity for members of the community to present their views to us in person, as well as to better understand the proposals. Events were held in Whangārei (two events), Kerikeri, Kaikohe, Kaitiāia, Dargaville, and Mangawhai. The 'Have Your Say' events were held in place of public hearings, and feedback received at the events was fully recorded. These were widely advertised with our overall promotion and two additional email circulations, well in advance of the events.

We received 2,239 written submissions on our Long Term Plan 2018-2028 Consultation Document, on a wide range of topics. This included more than 1500 submissions gathered by a community group in Kaitiāia, that were completed on full submission forms and supported council's preferred option to establish a new region-wide rate to help develop regional sports facilities, with little other feedback provided.

Council deliberated on submissions on 16 May 2018. We also received submissions on a number of other topics, and these were addressed during deliberations on the proposals.

A summary of the decisions made by council is available on our website: www.nrc.govt.nz/ltp2018



About our region
To tātou rohe



The Northland region with local authority boundaries



Our place

Northland is known as “the birthplace of the nation” in recognition of its historic and cultural importance. 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, the mildest of any New Zealand region. It has a land area of 13,286 square kilometres (including freshwater bodies). The region is growing in popularity as a holiday 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 at 175,400 (at June 2017). Over the past five years Northland's population has grown by 1.4% per annum, slightly below the national rate of 1.7%. Population growth has been strongest in the southern and eastern parts of the region. Northland has a different ethnic make-up composition compared to the rest of New Zealand. About one-third of Northlanders identify themselves as Māori compared to 16% nationally. Those of Asian ethnicity make-up 12% of the national population but represent just 3% of the Northland population. Only in the Gisborne region does a higher proportion of the population identify itself as Māori (49%).

During the last five years, almost 70% of the total Northland population increase has occurred in those aged between 65–84 years. People aged over 65 now account for 20% of the Northland population compared to just 12% in 1996. Around 41% of Northland's population is aged over 65 or under 15 years; this compares with 35% nationally.

In the year ended June 2017 Northland received a net international migration inflow of 826 people. This is a year ended June record, breaking the level set in 2016 and in turn 2015. Prior to the last three years, the previous June year record was 234 set in 2003. Over the period 2005–2014 Northland had a net outflow of 570 per annum, with a net loss of more than 1400 people in 2012 and 1000 in 2013. The net inflow in 2017 represents a population gain of 0.5% compared to a loss of 0.9% in 2012. All three districts show similar net international migration changes.

During a 10-year period from June 2018, the population of Northland is projected to increase from 176,100 to 188,600 people (based on Statistics NZ medium growth scenario). This is an average annual growth rate of 0.7% over the 10-year period, slightly below the national increase of 1%. Almost 50% of the projected population increase is expected to be people of Māori ethnicity. By 2028, Māori are projected to account for 39% of the total Northland population. The vast majority (92%) of the projected population increase during the 10-year period 2018–2028 is expected to occur in the 65–84 years age group. The number of Northlanders in this age bracket is projected to increase from 31,430 in 2018 to 42,940 in 2028, an average annual increase of 3.4%. People aged over 65 are forecast to account for 26% of the Northland population in 2028 and 30% by 2038.

In 2016, only 12% of Northlanders reported that they had ‘more than enough’ money to meet their everyday needs for things such as accommodation, food, clothing and other necessities. This compares with the national average of 18%, and is the lowest among the regions for which the data is available. Despite scoring lowest in terms of financial well-being, just over one-third of Northlanders rated their overall life satisfaction as either 9 or 10 on a 0–10 scale. This is the same proportion as the national average and sits Northland in the middle of the regional pack. Just over 4 out of 10 Northlanders have a very strong sense of belonging to the region (they rated 9 or 10 on a 0 to 10 scale). Only respondents from Gisborne and Taranaki indicated a stronger sense of belonging to their region.

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 coastal waters are one of the favourite recreational playgrounds for lovers of anything aquatic. There are few places in the world that can match what Northland has to offer. Beneath the waters lie many attractions too, 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

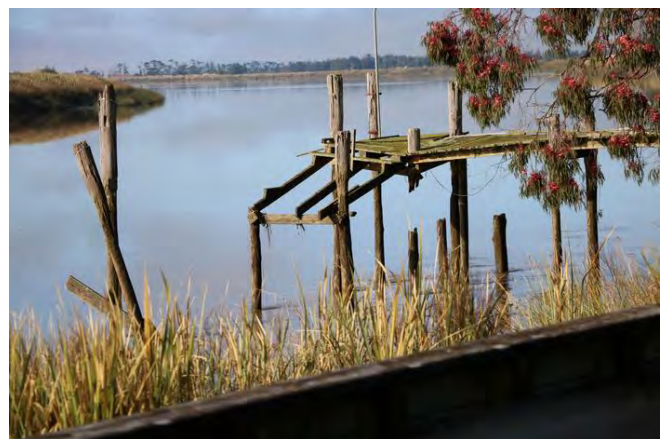
Northland has a diverse economy. Manufacturing (including Refining New Zealand at Marsden Point) is the largest level 1 industry in the region, accounting for around 17% of Northland's Gross Domestic Product (GDP) valued at \$6.0 billion (2010 prices) in the year ended March 2017 compared to 10% nationally. The primary sector (agriculture, forestry, mining and fishing) contributes about 12% (6% nationally) followed by rental, hiring and real estate services (8%) and health care and social assistance (7%).

There has been a steady rise in Northland's GDP growth rate over the past five years following a slow recovery post the Global Financial Crisis (GFC). Over the five-year period 2012-17, the Northland economy grew at an annual rate of 2.9%, just below the 3.2% per annum rate for the national economy. Northland sits towards the top of the regional pack, with only Auckland, Canterbury and Tasman growing at a faster rate since 2012. A notable feature of Northland's GDP growth over the past four years was the positive contribution of employment. Moreover, GDP per worker in Northland has grown by 1.3% per annum since 2012 – faster than the 1.1% national average. Growth has been very broad based, with private sector dominated services, manufacturing and primary industries all making a strong contribution. Over recent years Northland has experienced record levels of dairy and avocado production, forestry harvest and tourism activity (guest nights and expenditure).

In the year ended March 2017 there were 69,200 full time equivalent positions filled in Northland. This is 4000 more than in 2007, representing a 6% increase. This rise in employment has not been even across the various sectors. Over the 10-year period 2007-17, an additional 2900 jobs have been created within public

sector dominated services, with an additional 1500 in other service industries and 400 in construction. Conversely, there are now 600 fewer jobs in manufacturing than in 2006, and 200 fewer jobs in the primary industries. While low skilled jobs make up roughly 40% of total jobs in Northland, the number of low skilled jobs has increased by just 140 since 2007. Over the same 10-year period the number of highly skilled jobs has increased by 3300 (19%).

The annual average unemployment rate in Northland was 7.5% in the year ended June 2017. This is lower than the rate recorded in June 2016 (8.2%). Since the post GFC peak in June 2010 of almost 9%, Northland's unemployment rate has been relatively steady at about 8%. Northland has the highest unemployment rate of the 12 regions, with Gisborne / Hawke's Bay recording the next highest with 7%. Unemployment rates for both Māori and European have remained relatively constant over the past five years, averaging 17% for Māori and 5.8% for European. The large rise in unemployment since 2008 has predominately been Māori.



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 more than 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.

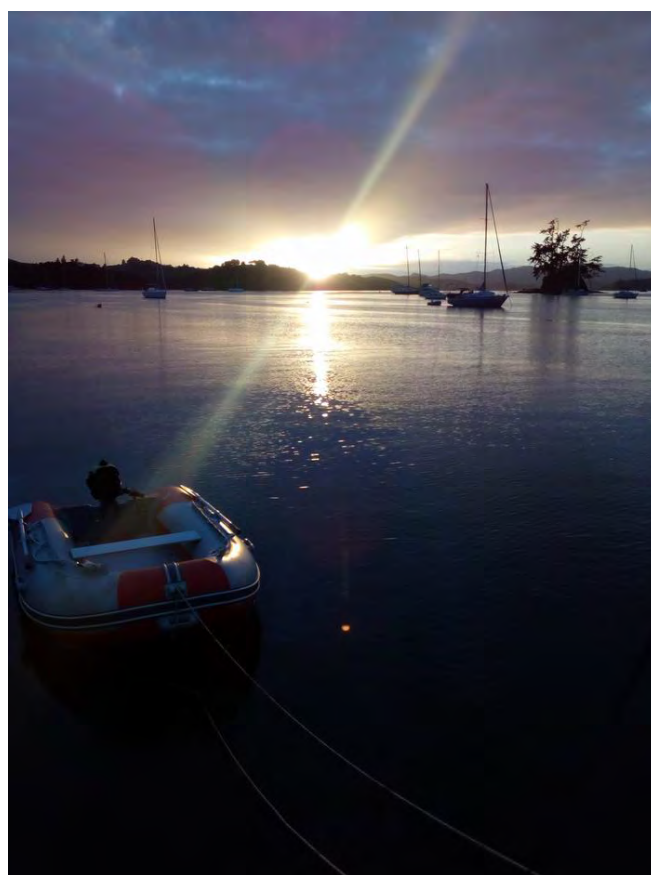
Many of Northland's rivers are relatively short with small catchments. The Wairoa River is Northland's longest river and drains our largest catchment area (3650km² or 29% of Northland's land area). Most of the major rivers flow into harbours, rather than discharging to the open coast, which has significant implications for coastal water quality. Northland's surface water quality varies and tends to worsen as it flows through modified lowlands. 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. These dune lakes are a special feature of Northland, with Northland being one of the few places in the world where they are found, particularly in such high numbers and with such diversity. Many are in pristine condition because they are so isolated and difficult to access.

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. Our groundwater quality is generally good with the majority of monitoring samples meeting national standards for drinking water. Groundwater allocation has increased by 40% since 2011 due to increased demand, particularly in the Far North. Northland also has one geothermal field around Ngāwhā Springs, to the east of Kaikohe.

Northland's 3200km of coastline is diverse with 14 major harbours, including the Kaipara harbour which is the largest harbour in the Southern Hemisphere, many smaller estuaries and long stretches of open, sandy coast. Our coastal waters contain the highest diversity of fish and invertebrates of any region in mainland New Zealand, and contain marine ecosystems of national and regional importance. Harbour water quality is affected by both natural and human-influenced contaminants. A major pressure is run-off and discharges of contaminants from land, particularly sediment and nutrients. Sources of contaminants include agriculture and forestry activities, and the direct discharge of contaminants from municipal wastewater plants, stormwater systems and industrial sites.

Overall, water quality in Northland's harbours is generally good. It follows a typical pattern of better water quality in the lower harbour and reduced water quality in the upper harbour, which is nearer to contamination run-off. Testing in Bay of Islands, Whangārei, and Kaipara Harbours shows there have been a number of water quality improvements over the last six years.

Northland's air quality is comparatively good, but in a few localised areas it approaches the limits of national environmental standards from time to time. Dust nuisance from unsealed roads is an on-going issue. Flooding is the most frequent natural hazard affecting our region, putting life and property at risk. Tsunami are also considered a high risk hazard for Northland, especially among our coastal communities.



Our infrastructure

The present transportation network includes 840 kilometres of state highways and around 5900 kilometres of local roads (60% unsealed), a rail link from Auckland via Whangārei to the Fonterra dairy processing plant at Kauri, a deep-water port at Marsden Point and commercial airports at Whangārei, Kerikeri and Kaitāia. Public transport services are available in urban Whangārei, between Kaitāia, Mangōnui and Ahipara, and in the mid-North between Kaikohe, Kerikeri, and the Bay of Islands. In August 2016, a new State Highway 15 between Ōkaihou and

Marsden Point was designated, adding an additional 89 kilometres to the state highway network in the region.

The Marsden Point oil refinery is a nationally significant asset, providing about 40% of New Zealand's energy needs, including: all jet fuel, all fuel oil for ships, nearly 80% of diesel, between 75-85% of bitumen for roading, around 50% of all petrol, and sulphur for farm fertiliser. A major plant upgrade project - Te Mahi Hou - designed to lift production and cut CO₂ emissions was completed in early 2016. A 168 kilometre underground pipeline connects the refinery to the Wiri Oil Terminal in Auckland. The pipeline transports petrol, diesel and jet fuel at up to 400,000 litres per hour. Supply was halted for pipeline repairs in September 2017 after an excavator damaged the pipeline on a rural property near Ruakākā.

The Northport deep-water port offers a number of opportunities. The majority of cargo through the port is of a bulk nature: logs, wood chips, fertiliser and cement. In 2015, Northport purchased a mobile crane to enable it to load dedicated container vessels. The 220 hectares of immediately-available 'green field' commercially-zoned land adjacent to the port boundary provides considerable room for expansion. A rail link between the port and the main trunk line has been in development for a number of years, with designations complete. Further progress on land purchases has been postponed while KiwiRail investigates the economic viability of the Northland-Auckland rail line.

Kerikeri airfield has customs clearance services available and is within flying distance for light aircraft arriving/departing from New Zealand to Norfolk Island, Noumea in New Caledonia or Lord Howe Island, which can be used as a stepping stone to the Australian mainland. Kaitiāia airport has the longest sealed runway in Northland (1405m) and Kaikohe airfield has the longest grass runway in Northland (1500m). A major upgrade to the Whangārei Airport terminal building was completed in 2016.

We also have a very small hydro-electric power station on the Wairua River and a geothermal power plant at Ngāwhā. While the geothermal plant produces around 70% of the electricity consumed in the Far North District, the majority of Northland's power needs are generated from outside the region and transmitted via the national grid from Auckland. A construction programme is about to commence that will double the capacity of the Ngāwhā geothermal power plant to 53MW by June 2021.

As part of a central government programme, an ultra fast broadband (UFB) network was completed in Whangārei in May 2014, providing UFB coverage to

around 30% of Northland's population. The uptake of this fibre connection in Whangārei is around 45%, above the national UFB uptake rate of 39%. Residents in a further 38 towns in Northland, containing an additional 28% of our population, will be able to access a fibre connection by 2022 as part of the UFB expansion programme. It is estimated that a further 28% of Northland households are able to access broadband of at least 20 Megabits per second (Mbps) through the initial Rural Broadband Initiative (RBI). In August 2017, central government announced that further investment will be made on expanding rural broadband and reducing mobile black spots. The deployment of 51 new mobile towers in Northland by the end of 2022 under this programme is estimated to result in 95% of Northland households having access to broadband connection at speeds of at least 20Mbps.

A new 14,000 kilometre trans-Pacific submarine cable which will link New Zealand and Australia to mainland United States is being laid and will make its New Zealand landfall at Mangawhai Heads. The establishment of the Cable Landing Station in Northland greatly increases the attractiveness of the region for Information Communications Technologies (ICT), digital, science and knowledge-based industries. The system will be in service by mid-2018.



Financial strategy Rautaki Pūtea



Purpose

The financial strategy brings together financial forecasts from the Long Term Plan and a summary of issues that may affect the council's finances. These factors are used to inform the council's overall financial direction.

The Local Government Act 2002 (LGA) requires local authorities to prepare and adopt a financial strategy as part of its Long Term Plan (section 101A).

The purpose of the strategy is to facilitate:

- Prudent financial management by the local authority by providing a guide to consider proposals for funding and expenditure.
- Consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt and investments.

Note that all figures are GST exclusive, except when we are talking about rates we collect, which are GST inclusive.

Objectives

The financial objectives are implemented through the policies and plans which make up the complete Long Term Plan.

The council must ensure that infrastructure is resilient in the face of future natural hazards; invest in environmental enhancement and economic growth; and deliver high quality services.

To fund this activity, the council must have a fair rating system, keep rates increases reasonable, achieve returns on investments that meet its risk and return policies, and carefully manage borrowing.

The ongoing challenge for the council is in achieving a balance between meeting community expectations and providing quality services, while keeping rates affordable.

Increasing expectations

The council has expanded its environmental work programmes to address the growing expectations, from our communities and central government, about the way we manage biodiversity, forestry, flood risk and other natural and physical resources, in particular freshwater.

The Long Term Plan sets out the programmes of work for the next ten years and the cost of funding these activities. Overall, the areas of new and extended work in this Long Term Plan resulted in significant rates increases.

The three major areas are:

- **Flood protection:** Due to recent flood events in New Zealand, there is greater emphasis to ensure the region has effective flood protection in place.
- **Water:** Implementation of the National Policy Statement for Freshwater Management, including its 2017 amendment, has significant resource impacts for the council.
- **Pests and predators:** The government expects councils to contribute towards its ambitious goal to rid New Zealand of possums, rats and stoats by 2050.

Current financial position

The council is in a sound financial position.

Rates income for the 2017/18 year is expected to be \$21 million.

The council holds investment assets (including current cash and cash equivalents with a market value of \$205 million⁽¹⁾). These investments are expected to provide annual investment income of approximately \$9.5 million (2017/18). Investment income is used to further economic development and fund operations, thereby reducing the rating burden for all ratepayers.

At 31 May 2018, the council held flood infrastructure assets valued at \$22.7 million.

At 31 May 2018, council debt was \$18.5 million.

Looking ahead

We are not expecting to face significant changes to our region that would affect the services we deliver. Population and housing will continue to grow, but at a slower rate than the national average, high rainfall events are expected to continue, and our communities' ability to pay rates (including payment of rates arrears) remains an issue.

While the Northland economy is performing well overall, the benefits vary throughout each district. The council will continue to take an active role in supporting regional economic development.

¹ The council holds 22,142,907 shares in Marsden Maritime Holdings Limited (53.61%). These shares are recorded at an historical cost of \$7,827,563 (25 cents per share) in the council's balance sheet, but have a current share value (as at 30 June 2017) of \$96,321,645 (\$4.35 per share).

The world around us

Externally, national and international economic, environmental and political factors impact the council's finances. These can include future changes, interest rates, markets, legislation, natural hazards and climate change. Specifically, the cost of providing public transport is increasing due to increased contract costs and increasing fuel prices.

Price increases associated with inflation are expected to continue to increase at a rate of between 2% and 2.6% per annum across all expenditure categories, except for salaries. Salary costs are expected to increase at between 2.2% and 3% per annum.

Economic growth

During the past five years the Northland economy has been performing on a par with the national economy, with gross domestic product (GDP) growing at an average annual rate of about 2.9%. This has led to a steady rise in employment over the past few years, with a corresponding lift in the median household income. However, this growth has not been even across the region, with the Far North district growing by 2.2% per annum on average over the past five years, compared to 3.0% in Kaipara and 3.4% in Whangārei.

While the economy has been performing well, Northland's GDP per capita - an indicator of the region's standard of living - was still the third lowest among all 16 regions in New Zealand (ahead of Gisborne and Tasman) in 2017, and is about 70% of the national average.

The council believes that economic growth is vital for generating the resources needed to address some of the pressing problems affecting Northland, such as poor housing, health and education, and will continue to take an active role in supporting the economic development of the region.

Population

Our population is expected to grow at a slow rate (around 0.7% annually on average) over the life of this plan, around half the rate experienced over the past decade and slightly lower than the 1% average annual increase in the national population. These small population changes generally have very little impact on our services and existing resources can cope with service demands without major adjustments. However, minimal population growth will also restrict any increase in rateable properties over the next 10 years, with no additional ratepayers to help distribute the rates burden.

The average age in Northland is predicted to increase over the next 10 years. The over-65 age group is projected to make up 26% of Northland's population in 2028 compared to 19% nationally. The council recognises that this age bracket is more likely to retire on low fixed incomes and be predominately reliant on superannuation in its later years.

Land use

The Northland region has extensive development on floodplains. The use of land is not expected to significantly change within our region in a way that would impact on our services and costs over the next 10 years.

Weather

Our weather is susceptible to high-intensity rains that can cause severe flooding and droughts in the summer months. Climate change is predicted to cause higher temperatures and extreme weather patterns with greater intensity rain events and periods of drought.

Projected increases in rainfall intensity and sea level rise will affect the coping capacity of our flood protection infrastructure. This means we need to do more flood protection work. The Infrastructure Strategy identifies major river/flood-scheme projects over the next 30 years in Awanui, Kāeo-Whangaroa, Panguru and the Whangārei urban area.

Payment of rates

Rates arrears are expected to continue. Historically the council budgets for doubtful debts on unpaid rates. This issue predominately relates to the Far North district, where there are significant portions of Māori freehold land. Over the last three years, Far North has collected about 88% of our rates compared with 94% in both Kaipara and Whangārei. Similarly, the Far North collects around 13% of our rates arrears compared with 55% and 64% collected in Kaipara and Whangārei. As a result, Northland Regional Council had a net rates write-off of \$412,000 in the 2016/17 financial year (\$668,000 in 2015/16). We are anticipating a similar result in the years of this Long Term Plan.

How we will achieve our objectives

Focusing on the right activities

The council must balance its role and purpose (as defined in the Local Government Act 2002) with wider community desires and what it believes will make a positive difference. We have listened to the community to ensure we respond to their needs and wants, and we will maintain or increase the services we provide as efficiently as possible.

We are increasing spending on:

- A number of new initiatives to meet government and community expectations, particularly of the council's role as environmental guardians:
 - Flood protection and control, particularly in the Far North
 - Fresh and coastal water initiatives including government subsidised programmes
 - An increased pest control programme
 - More funding for the Environment Fund
 - Greater monitoring through State of the Environment and Hydrology
- Recreational facilities
- Support services for increased core business
- Meeting the increased cost of providing public transport.

Managing flood risks

Managing rivers is essential for Northland, as river flooding provides the highest natural hazard risk to the Northland region because of the extensive development on floodplains and the region's exposure to high intensity rainfall. We are continuing investing in new flood protection schemes (also referred to as river schemes).

The Infrastructure Strategy in this Long Term Plan sets out the council's role, and how it intends to manage flood protection and control work assets. It helped us make informed decisions in the short-term that position us to deal with the major decisions and infrastructure investments in the future.

We will maintain and - where the affected communities desire - enhance or create new flood protection and control work infrastructure.

Investing in economic development initiatives

The council will continue to redirect some of its investment income away from subsidising rates (by funding operating expenditure) to invest in economic development initiatives. \$1.7 million of investment income will be redirected to the Investment and Growth Reserve each year. This will be inflation-adjusted by an annual transfer from the Community Investment Fund beginning 2018/19. We

believe this level of funding makes a positive difference. Council is able to make discretionary additional input from the Community Investment Fund into the Investment and Growth Reserve as needed, provided the fund does not fall below \$12.5 million.

The objective of the Investment and Growth Reserve, established in the Annual Plan 2011/12, is to provide a fund that enables council to make strategic investments that lift the long-term growth of the Northland economy. The reserve is used to provide operational funding for Northland Inc (a Council-Controlled Organisation). Please refer to the 'Related organisations || Ngā roopu whakahaere' section of the Long Term Plan 2018-2028 for more details on Northland Inc. It is also used to fund business case assessments, and invest in projects that are deemed to be eligible for funding under the council adopted 'Criteria and procedures for the allocation of funding'. Council have given priority for project investment into the following regionally strategic sectors: agriculture and horticulture, marine, tourism and digital. One of the key functions of Northland Inc is to be the gateway through which projects are assessed, developed and recommended for funding from the reserve.

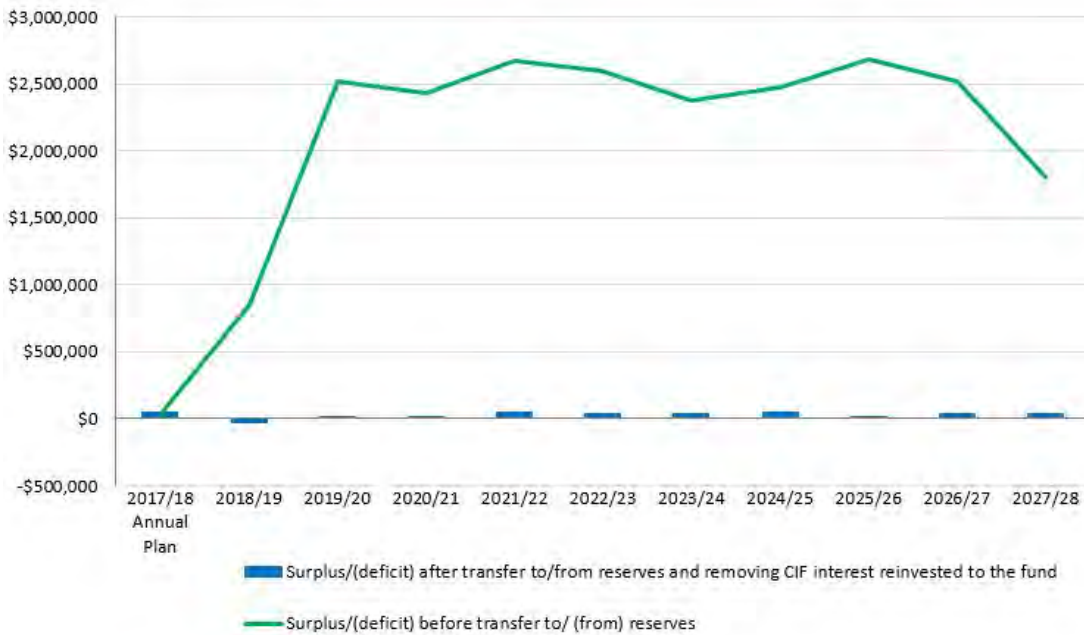
Maintaining a balanced budget

We aim to operate a 'balanced budget'. That means our operating expenditure including depreciation is covered by our available funding in each year. We are continuing to run the council with a small surplus. Our funding sources, including rates (targeted region-wide rates and specific targeted rates), investment income, user fees and charges, and grants and subsidies, continue to be sufficient to meet operating expenses.

The council holds some of its funds in reserves. We can fund unexpected or unknown expenditure from these reserves rather than budgeting for such expenditure. This enables us to extend and support increased service levels and a range of environmental and economic development initiatives, while limiting fluctuations in rate levels year to year.

We have forecast conservative surpluses after transfers to reserves of less than \$50,000 for the term of this plan (after transfers to/from reserves and removing reinvestment of Community Investment Fund (CIF) interest).

Forecast surplus / (deficit) after transfers to reserves



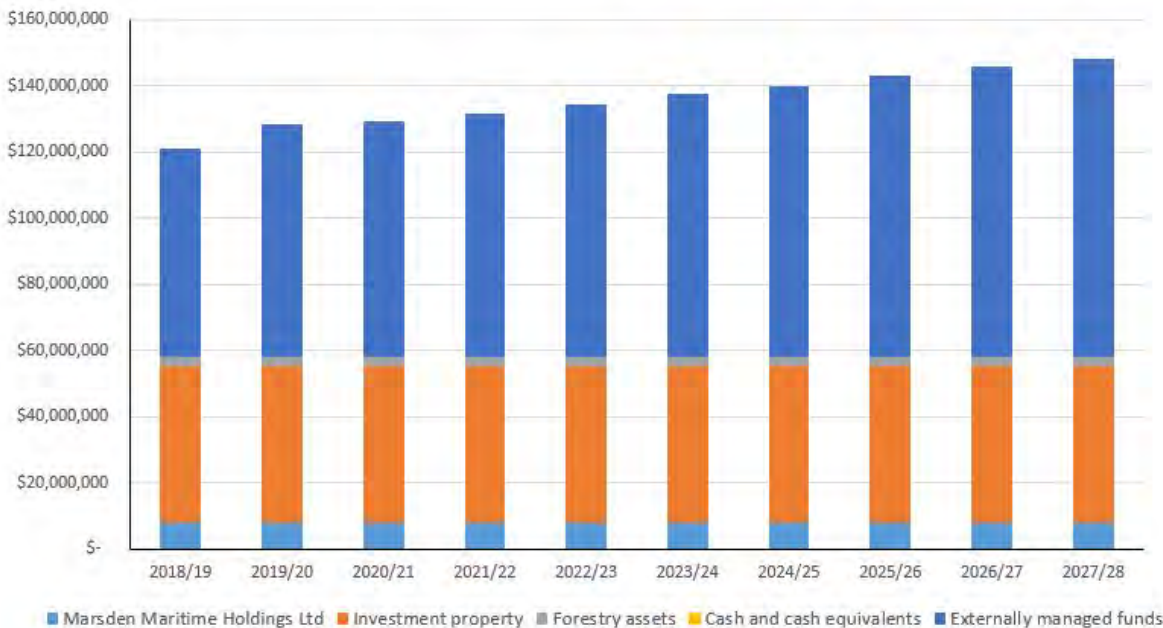
Increasing returns on investments

The council holds investments on behalf of the regional community to produce a revenue stream that reduces the council’s reliance on rates revenue, and/or supports the wider economic benefit of the region. We must balance the desire to increase investment returns against the need to safeguard the ratepayers’ assets so the benefits can be enjoyed by future generations. Investment returns can be affected by influences outside the council’s control. As per its Investment Policy, the council seeks to achieve a net return of around 7% per annum

across its whole investment portfolio. The Investment Policy is informed by expert advice, and outlines how our investment portfolio is managed.

As an example of our reliance on investment income, a 1% decrease in forecast returns on investments (excluding forestry, which has highly variable returns year to year), and a one cent per share reduction in the dividend from Marsden Maritime Holdings Limited, will result in average rates per rating unit or separable unit or inhabited part (SUIP) in a single year increasing by \$11.79.

Forecast investment values 2018-2028



Marsden Maritime Holdings Limited (port company)

The objectives for holding shares in Marsden Maritime Holdings Limited are: to provide an income stream to be available for projects that contribute towards economic wellbeing for Northland; to hold an investment asset on behalf of and for the benefit of Northland; and to hold a strategic asset (the LGA classifies a local authority's shareholding in a port company as a strategic asset).

Property

The objectives for holding investment property are: to provide an income stream to be available for projects that contribute towards the economic wellbeing for Northland; to hold assets on behalf of the regional community for the strategic protection and development of the region; to meet statutory obligations in relation to endowment properties; and to achieve the best possible return subject to the powers and provisions of the LGA, Public Bodies Leases Act 1969 and the Property Law Act 2007.

Forestry

The objectives for holding forestry investments are: to provide an income stream to be available for projects that contribute towards economic wellbeing for Northland; and the development, maintenance and protection of the council's timber plantations to maximise long-term revenue, while meeting the council's environmental responsibilities.

Cash and cash equivalents

The objectives for holding investments in cash and cash equivalents are to maximize returns and to protect council's investment capital.

Externally managed funds

The objectives for holding investments in externally managed funds are to maximize returns and protect the council's investment capital. Further purposes of managed funds are defined in each fund's Statement of Investment Policy and Objectives (SIPO).

Managing capital values

The capital value of the council's non-cash investments (investment property, forestry, and shares held in Marsden Maritime Holdings Limited) are subject to market fluctuations. Generally, over

the long-term, we consider the value will appreciate at a rate similar to, or greater than, inflation and therefore the real value will be maintained. This is important as it ensures the comparative value is maintained for the benefit of today's and tomorrow's ratepayers.

We review and decide on a continuing basis whether to re-capitalise cash and cash equivalent investments (stocks, bonds and convertible notes), to maintain their real values. This decision is made after taking into account the current market conditions, our desire to subsidise rates, and our intention to continue to use investment income for economic development projects.

The Community Investment Fund is available for economic development initiatives. To ensure the integrity of the fund, it should not move below \$12.5 million.

Balancing affordability and who pays

Getting the right balance in terms of who benefits and who pays for services, against affordability, wider social benefits and important flood protection and control work infrastructure, is essential. These elements are closely scrutinised when the council proposes and establishes its targeted rates.

The same scrutiny is applied (private versus public benefit) in setting user fees and charges. The way that we fund each activity is set out in the Revenue and Financing Policy. The user fees and charges are set out in the Charging Policy.

Managing the rates arrears

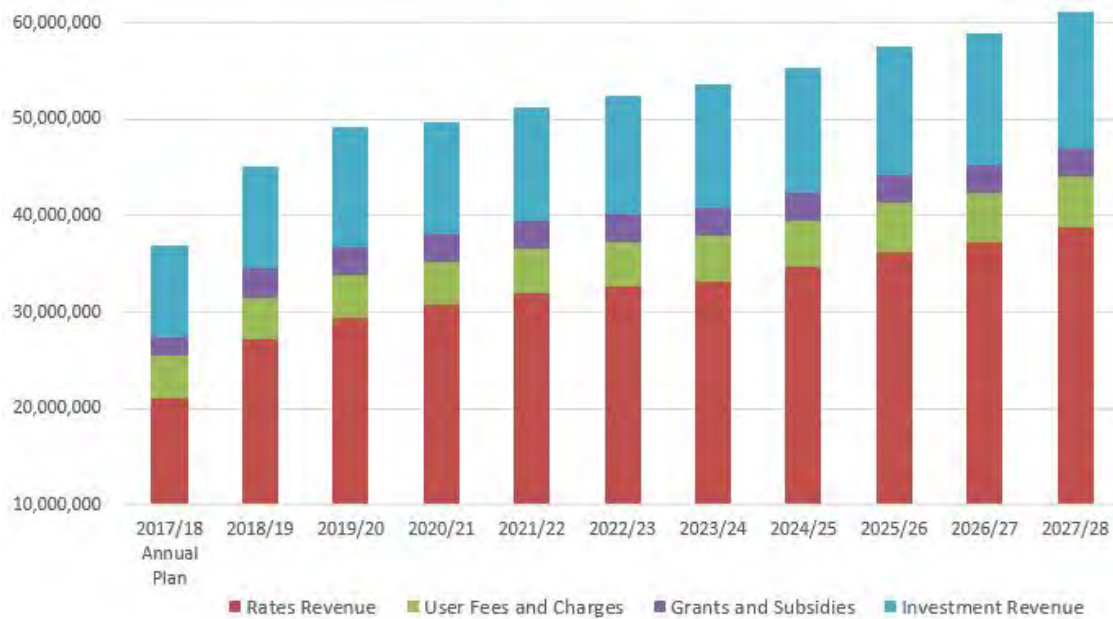
The council makes allowance for unpaid rates when setting its budget. Provision for \$500,000 is included in the budget, funded from rates and general funds. We will continue to work with Far North District Council to try to find workable solutions to reducing the number and value of unpaid rates.

Funding our expenditure

The council pays for its activities through a range of funding sources. The way we fund each activity is set out in the Revenue and Financing Policy.

The funding mix over the period of the Long Term Plan is set out in the graph below.

Council funding sources - 2018-2028



Rates

Rates limits

Total rates will not exceed 65% of total revenue. Total rates increases will not exceed 10% in any one year.

Our rate limits represent a balance between:

- The need to address a range of issues facing the region;
- Increased community and government expectations;
- Continuing to manage our financial resources prudently by maintaining a strong and sustainable financial position; and
- Remaining mindful of the affordability of rates.

Over the 10 years of this plan, the average annual rates increase is \$20.01 (6.1%) per rating unit or separately used or inhabitable part of a rating unit (SUIP).

However, the average increase in 2018/19 is much higher than the ten-year average, at \$76.04 (29.1%). This is a one-off, caused by significant increases in service levels, particularly in flood risk reduction, improving freshwater management and increased pest and predator management. In 2018/19 we exceed our total rates increase limit of 10% per year.

For the remaining nine years of this plan, much more modest increases (all within our rates limits) are forecast, between 1.3% (\$4.98) and 7.9% (\$26.53). We

achieve this by continuing to use some of our investment earnings and reserves to help fund operating expenditure.

After the initial step-change in year one, we will smooth any rate increases over the following nine years, to help give ratepayers certainty about their rates bill. We'll do this by conservatively estimating expenditure that is highly variable, on the understanding that the Equalisation Reserve can be used for distinctive and one-off costs if necessary.

The council is confident it can continue to provide and maintain existing levels of service within the rates and borrowing limits, and provide the new initiatives, most of which are introduced in the first year.

Targeted region-wide rates

We use targeted region-wide rates to fund operational activities where it is impossible or impractical to clearly identify customers or users, or to fully recover costs from those who benefit from the situation, or make the situation worse. Targeted region-wide rates are also used to fund those activities that the council considers provide a public benefit or public good.

The targeted region-wide rates are:

- Council services rate
- Land management rate
- Freshwater management rate
- Pest management rate
- Flood infrastructure rate
- Civil defence and hazard management rate.

Specific targeted rates

The council will use specific targeted rates where it provides services to a specific area or group within the regional community but there is no mechanism to directly charge those who benefit from the situation, or make the situation worse, or for transparency and accountability reasons.

The specific targeted rates include:

- Transport rates (Whangārei and Far North)
- Flood/river scheme rates (Awanui, Kaihū, Kāeo-Whangaroa, and Whangārei urban rivers)
- Regional sporting facilities rate
- Regional infrastructure rate
- Emergency services rate.

All the flood schemes that have both operational and capital works will be managed to spread the cost (and loan repayment if any) over a suitable period that takes into account the period of benefit, inter-generational equity and affordability. The flood scheme rates are constant throughout the term of the plan, except for the Kāeo-Whangaroa rivers rate which reduces in 2021/22 to fund maintenance only.

The transport, regional infrastructure and emergency services rates are not projected to increase by inflation in this plan. The council may consider these rates for inflation adjustment in the future.

The regional recreational facilities rate, which is funded by the development of the Regional Events Centre, has now been paid off. The council will continue with a re-framed rate, known as the regional sporting facilities rate, to fund the development of further sport facilities across Northland which are of regional benefit.

Managing our infrastructure assets: Flood protection and control

All the council's infrastructure assets are related to our river management activity. They include stopbanks, floodgates and other river scheme assets to protect areas from flooding.

We currently have flood control infrastructure in place in Awanui (asset value of \$11.1 million), Kāeo-Whangaroa (asset value of \$883,000), and the Hopua te Nihotetea (Kotuku Street) detention dam, part of the Whangārei Urban Rivers Scheme (asset value of \$10.7 million). More detailed information can be found in the 'Infrastructure strategy: Flood protection and control || Rautaki Hanganga' and on the council's website at www.nrc.govt.nz/priorityrivers.

In response to demand, the Infrastructure Strategy provides for new and extended flood schemes. Assets also need to be maintained so that they keep on functioning as expected. In conjunction with the affected communities, we aim to find the right balance between providing the necessary infrastructure and the affected communities' (and region's) ability to pay. The capital cost of providing new capital flood scheme works will be split between the targeted flood infrastructure rate (70%) and the specific flood/river scheme rates for Awanui, Kāeo-Whangaroa, and Whangārei urban rivers (30%).

The following table shows the cost of these capital works.

Forecast spending on new and replacement river assets – 2018-2028

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Kāeo - new	-	40	360	-	-	-	50	250	250	200
Awanui - replacement	1,827	855	2,689	2,646	685	1,814	1,784	1,694	994	-
Whangārei urban rivers - new	800	150	-	-	50	-	-	-	-	-
Kerikeri - new	15	15	220	-	-	-	-	-	-	-
Panguru - new	40	400	-	-	-	-	-	-	-	-
TOTAL	2,682	1,460	3,269	2,646	735	1,814	1,834	1,944	1,244	200

Borrowing

Borrowing is intended to achieve a degree of inter-generational equity. It allows ratepayers to fund the new infrastructure over an extended period of time, in part reflecting the life-time of the asset and the benefits from it. The council can borrow externally, or internally from its reserves. The council will borrow externally to fund infrastructure assets as investment returns are forecast to exceed its external borrowing costs. This approach will be reviewed. The council's Liability Management Policy is informed by expert advice, and contains the criteria by which our borrowing decisions are made.

The council is a borrower from the Local Government Funding Agency (LGFA) but is not a guarantor, so is limited to borrowing a maximum of \$20 million from this source. The council's projected borrowing over the period of this Long Term Plan exceeds \$20 million, so the council will become a guarantor to the LGFA, which will allow us to borrow over \$20 million, up to our borrowing limits set out below. As a guarantor member, the council, along with other guarantor member councils, will be partly responsible for covering the cost of any other member that defaults on its loan payments. The council will be liable for 0.4% of a defaulted loan, which would be \$400,000 on \$100 million loan. We consider that in the very unlikely event that this happens, the financial consequences for ratepayers would be low⁽²⁾.

Borrowing Limits Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue, and excludes non-government

capital contributions (e.g. developer contributions and vested assets). Net debt is defined as total consolidated debt, less liquid financial assets and investments. Net interest is defined as the amount equal to all interest and financing costs, less interest income for the relevant period. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

- Net debt will not exceed 175% of total revenue
- Net interest will not exceed 10% of total revenue⁽³⁾
- Liquidity will be greater than 110%.

Compliance with these limits over the 10 years of the Long Term Plan is demonstrated in the Financial Prudence section.

Policy on securities for borrowing

To borrow money externally, we must offer our lenders some securities, just like residents do with their mortgage. Like most councils, we usually secure our debt against our rates revenue.

When we borrow externally, we will likely need to put in place a debenture trust deed prior to accessing the funds. Under a debenture trust deed our borrowing is secured by a floating charge over all council rates assessed under the Local Government (Rating) Act 2002. In such circumstances, the security offered by the council ranks equally ('pari passu') for all stock issues by the council.

² As assessed against the financial threshold set out in council's Significance and Engagement Policy

³ Section 21(1) of the Local Government (Financial Reporting and Prudence) Regulations 2014 states that a local authority meets the debt servicing benchmark for a year if its borrowing costs for the year are equal to, or less than, 10% of its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) for the year.

Where appropriate, we may seek project financing which may have a charge over a project or specific assets rather than rates. Physical assets will only be charged where:

- There is a direct relationship between the debt and the purchase or construction of the asset which it funds (such as an operating lease or project finance);
- The council considers a charge over physical assets to be appropriate; and
- Any pledging of physical assets complies with the terms and conditions contained within the debenture trust deed.

The council may use its reserve and special funds, and refers to this activity as 'internal borrowing'. The use of special funds and reserve funds (and internal borrowing of special funds/reserve funds and other funds) will be on an unsecured basis.

Loans for infrastructure assets

The capital infrastructure of our river management schemes is expected to have a useful life of up to 150 years. The council used internal and external borrowing for the Whangārei urban, Kāeo-Whangaroa and Awanui river schemes, and the Marsden Point Rail Link.

The council will borrow externally to fund future river schemes. The maximum loan period is 30 years. The actual loan period is determined after considering the extent of the capital works and the period of benefit, affordability, and commitment of future generations. Rates will be collected to ensure the council has sufficient funds to repay these loans when they are due. The rates collected will be held and invested in managed funds until the loans are due.

Internal borrowing rates

In determining the internal borrowing rate, the council considers the long term returns that it earns on its reserves/investments. The actual internal borrowing rate is subject to change and is reviewed by the council annually.

For the purposes of budgeting, the cost of funds applied to internal borrowing for all loans over \$50,000 is 7% per annum. Interest may be applied to funds borrowed and may be paid at a rate (currently 5% per annum) when a reserve is in surplus by \$50,000 or more.

If there are marked changes to the cost of borrowing or the return available on safe investments, the council may (by special resolution) set an internal borrowing rate that reflects the actual market conditions at the time the internal loan is established.

Infrastructure strategy: Flood
protection and control
Rautaki Hanganga



Overview

This strategy has been prepared for flood protection and control works infrastructure as required under the Local Government Act 2002, section 101B. The Local Government Act (LGA) 2002 Amendment Act 2014 included provisions that require councils to prepare an infrastructure strategy for at least a 30-year period, and to incorporate this into Long-Term Plans. The purpose of this strategy is to:

- Identify significant infrastructure issues over the period of this strategy
- Identify the principal options for managing those issues, and the implications of those options
- Outline how the regional council intends to manage its flood protection and control assets, and what the most likely scenario is for the management of these assets.

This strategy presents a 30-year plan for the regional council's flood protection and control assets. It will help us make informed decisions in the short term that will position us to deal with the major decisions and investments that will occur in the next 10 to 30 years.

The Northland flood scheme infrastructure currently comprises three main flood management schemes: The Awanui flood scheme, Kāeo-Whangaroa flood scheme, and in Whangārei, the Hopua te Nihotetea detention dam. These three schemes have a combined asset value of \$22.7 million. Relative to other regions, flood infrastructure managed by the council is limited, but in response to demand, this infrastructure strategy provides for new flood schemes.

The Whangārei and Kāeo-Whangaroa flood schemes have been constructed in the last five years and the assets are relatively new. Recent maintenance has been done on the main Kāeo stopbank to top up the crest level following initial settlement, but we anticipate that maintenance on these new assets over the period of this infrastructure strategy will be limited. New capital expenditure is planned to extend both the Kāeo-Whangaroa and Whangārei flood schemes within the first ten years of this strategy.

The Awanui flood scheme is a much older scheme, and its assets are variable in age and condition. This scheme is also much more extensive than the other two schemes, in terms of length of stopbanks and spillway, and number of floodgates that the council has responsibility for. Maintenance and renewal costs are significantly higher for the Awanui flood scheme. A review of the Awanui flood scheme identified a number of major upgrades that are likely to be

required, and which are included in this Infrastructure Strategy as well as other financial planning included in this Long Term Plan.

There are a number of new areas where flood scheme works are to be implemented, including the Kerikeri-Waipapa catchment, and other smaller settlements including Panguru and Matangirau. Historically, it has been a challenge to implement significant works in areas of low population due to the limited rating base for a targeted rate. The approach to the funding of flood scheme works in Northland is being reviewed, as in many cases, there are broader regional benefits from flood infrastructure, which extend beyond the local community.

Northland context

Northland is a long, narrow peninsula with a subtropical climate. It has a land area of 13,286 km², of which 526 km² is classified as alluvial and estuarine plains and low terraces, much of which is prone to flooding. Over 50% of the land is in pasture and 10% in forests. Northland's coastline is 3,127 kms (mainland), and a high proportion of the population live in coastal settlements, including the main urban centres of Whangārei and Dargaville. The region therefore has a relatively high exposure to potential sea level rise and future coastal inundation, and this is clearly shown in the council's coastal flood hazard maps.

River flooding provides the highest natural hazard risk to the Northland region because of the extensive development on floodplains and the region's exposure to high intensity rainfall events. River flooding affects many of Northland's main urban centres, including Whangārei, Dargaville, Kaitāia, and Kerikeri-Waipapa, and many of the smaller townships. It presents a risk to human life, disrupts communications and access, damages property and infrastructure, including the productivity of farmland. River flood hazard has been mapped for the major urban centres as well as a number of rural catchments.

Demand assumptions

Unlike a number of the other infrastructure types, the demand for flood protection and control works is not directly related to population growth. Instead, demand is driven by:

- The geographical extent of population centres and assets sited within floodplain areas
- Public perceptions of flood risk, and acceptable levels of flood risk
- Population density within at-risk areas, which has a bearing on level of service expectations.

Future demand for flood protection works can be reduced via alternative interventions such as land use planning, managed retreat from at risk areas, and investment in improving the resilience of assets located within at risk areas. Effective land use planning requires at risk areas to be mapped with some precision. The council has commissioned a land information LIDAR (Light Detection and Ranging) survey across the whole region, which will enable flood risk to be comprehensively mapped, across all catchments, and around the coast. Current flood mapping is based on LIDAR surveys done since 2003, which covers only 16% of the region. The coastal flood hazard mapping clearly shows the impact of projected sea level rise over 50 and 100 years.

We consider that population growth within floodplains is unlikely to make a significant difference to the funding basis of flood schemes, or on the demand for services over the time frame of this strategy, especially in rural areas. This is primarily due to improved land use planning, based on more accurate flood mapping. However, the identification of flood risk areas across the whole region, including areas which may be affected by future climate change, does have the potential to change public perception of flood risk. If sea level rise becomes evident to the public, public demand for flood protection works in coastal areas is likely to increase significantly over the time frame of this strategy.

In 2008 we identified 26 river catchments where we considered the risks from river flooding were highest to communities and essential infrastructure throughout Northland⁽¹⁾. The rivers and streams in these priority catchments pose potential threats to life, buildings, road access, infrastructure and agriculture. River management plans were developed for these 26 catchments which documented the potential flood risks and identified mitigation options in order to reduce the impacts of flooding. Our focus has now moved towards implementation of river management plans with communities, and this is reflected in the capital works programme put forward in this strategy.

In many cases it is not physically possible, nor affordable, to provide communities with total protection from flooding in Northland. In this context, we work with communities to identify and map at risk areas, develop community response plans, issue flood warnings and carry out minor river works to reduce flood risks.

Vision for the community over the next 30 years

The overall vision for this strategy is to progressively reduce the flood risk to defined and achievable levels of service, in a cost-effective manner, and in consultation with the public. This includes effective prioritisation of flood protection and control interventions based on an updated region-wide overview of flood risk.

A starting point for this vision is the assumption that if no intervention was made, existing levels of service would gradually reduce due to asset deterioration, and projected climate change effects.

When looking ahead, we expect that flood protection will be a major activity for us. The vision includes pro-active consultation and planning to put in place strategies and structures which will endure well beyond the time frame of this strategy.

Overview of flood protection assets

Existing flood protection infrastructure

At the current time, we have flood control infrastructure in place to reduce flood risk in three scheme areas:

- Awanui flood scheme (asset value of \$11,118,670)
- Kāeo-Whangaroa flood scheme (asset value of \$882,778)
- Hopua te Nihotetea detention dam, part of the Whangārei urban rivers flood scheme (asset value of \$10,735,055)

Details of each scheme are shown in the following table.

Summary of existing flood protection infrastructure

	Awanui flood scheme	Kāeo-Whangaroa flood scheme	Hopua te Nihotetea (Whangārei urban rivers flood scheme)
Total value of assets	\$11.1 million	\$883,000	\$10.7 million
Condition of assets	Good to average.	Excellent	Excellent
Types of assets	89km of stopbanks and 141 floodgates	900m of stopbanks, 160m of floodwall and 4 floodgates	18m high detention dam which can hold up to 1.27 million cubic metres of floodwater
Quality of asset information	Excellent to good, further work required on coastal stopbank condition assessment	Excellent	Excellent
Age of assets	Floodgates: average age 35 years Stopbanks: varies, majority constructed prior to 1970	All assets newly constructed in 2013/14	All assets newly constructed in 2014/15
Depreciation (2018/19)	Depreciated replacement cost (DRC). Depreciation calculated as \$51,266 per annum	DRC. Depreciation calculated as \$6,333 per annum.	DRC: Depreciation calculated as \$34,639 per annum.
Level of service objective (flood protection)	Urban areas: 1:100yr Rural areas: 1:20yr	Township: 1:20 year.	Urban central business district (CBD): 1:50 year.
Current Level of Service	Urban Kaitāia: Awanui: 1:100 year Tarawhataroa: 1:30 year Rural areas: Variable, Low end < 10 year average recurrence interval (ARI)	Township: 1:10 year.	Urban CBD: 1:20 year.
Performance information	Scheme has performed well, and save for the July 2007 flood, has successfully prevented flooding of the Kaitāia town centre since scheme works were completed in the 1960's. In July 2007 the Tarawhataroa stopbank was over-topped by Awanui River overflow, which resulted in flooding of the southern part of the town centre.	Scheme has performed in accordance with design, as demonstrated during July 2014 flood. The July 2014 flood was less than a 1:10 year event at Kāeo.	Scheme has performed in accordance with design, during minor storm events in 2017. The extent of the design 50 year ARI has been significantly reduced in the CBD, due to the detention dam, and other works completed since 2012.

Awanui flood scheme

The key levels of service for the Awanui flood scheme are contained within the scheme Asset Management Plan, including specific details on how we renew or replace our existing assets. Recent upgrades to the flood scheme include the Whangatane Spillway Intake modification works completed in 2016, and the Awanui River channel re-profiling at the “choke”, immediately downstream of the Whangatane spillway intake, which was completed in 2017.

Level of service

The level of service objective is for 1:100 year river flood protection in urban areas, and 1:20 year river flood protection in rural areas. This objective is not currently achieved. This Long Term Plan has adopted option 1 for urban Kaitāia, which is to meet the level of service objective, including 1:100 year flood protection for both the Awanui River and the Tarawhataroa Stream.

Managing assets

The Awanui flood Scheme Asset Management Plan contains the details on the life cycle maintenance of the scheme assets. Renewal of floodgates and maintenance of stopbank assets is scheduled to be undertaken prior to the end of expected life, which is assessed through the annual condition monitoring process. Renewal prior to failure (beyond anticipated design life) is considered to be the most cost effective and efficient approach for the floodgate assets when viewed in association with the asset management plan risk framework. Stopbanks are maintained in perpetuity.

Kāeo-Whangaroa flood scheme

The key levels of service for the Kāeo-Whangaroa river scheme are contained within the scheme asset management plan, including specific details on how we renew or replace our existing assets.

Level of service

The level of service objective is for 1:20 year river flood protection for the Kāeo Township. This objective is not currently achieved.

The completed Stage One of the Kāeo-Whangaroa flood scheme was designed to prevent high velocity floodwaters from the Kāeo River flowing through the township by the use of a series of deflection stopbanks that divert river floodwater to the south of the township. Whilst the Kāeo stopbanks are designed to be above the 1:100 year flood level, the township is still exposed to flooding from the Waikare Creek as well as from backwater from the Kāeo River. This Long Term Plan includes implementation of Stage Two of the Kāeo flood scheme, which seeks to mitigate flood risk from these two sources, and in so doing, achieve the level of service objective. Other Kāeo-Whangaroa river works to be implemented under this Long Term Plan include the construction of a new floodway at Matangirau.

Managing assets

The Kāeo Stage One works were constructed in 2013/14. In 2017 the western section of the main stopbank number two was topped up as settlement had been identified from a monitoring survey. It is assumed that no renewals expenditure will be required to the constructed assets over the 30-year timeframe, as these are newly constructed assets and their design life (before renewal is required) is expected to exceed the 30-year timeframe of this plan. The most likely period for settlement of the stopbanks is in the first three years following construction, and it is therefore considered that settlement issues have now been identified and addressed. As a consequence, we have made no provision during the 30 year time frame of this strategy for further topping up of the stopbanks.

Hopua Te Nihotetea detention dam (Whangārei urban rivers flood scheme)

The key levels of service for the Hopua te Nihotetea (Kotuku Street) detention dam is contained within the Kotuku Dam Asset Management Plan, including specific details on how we renew or replace our existing assets.

Level of service

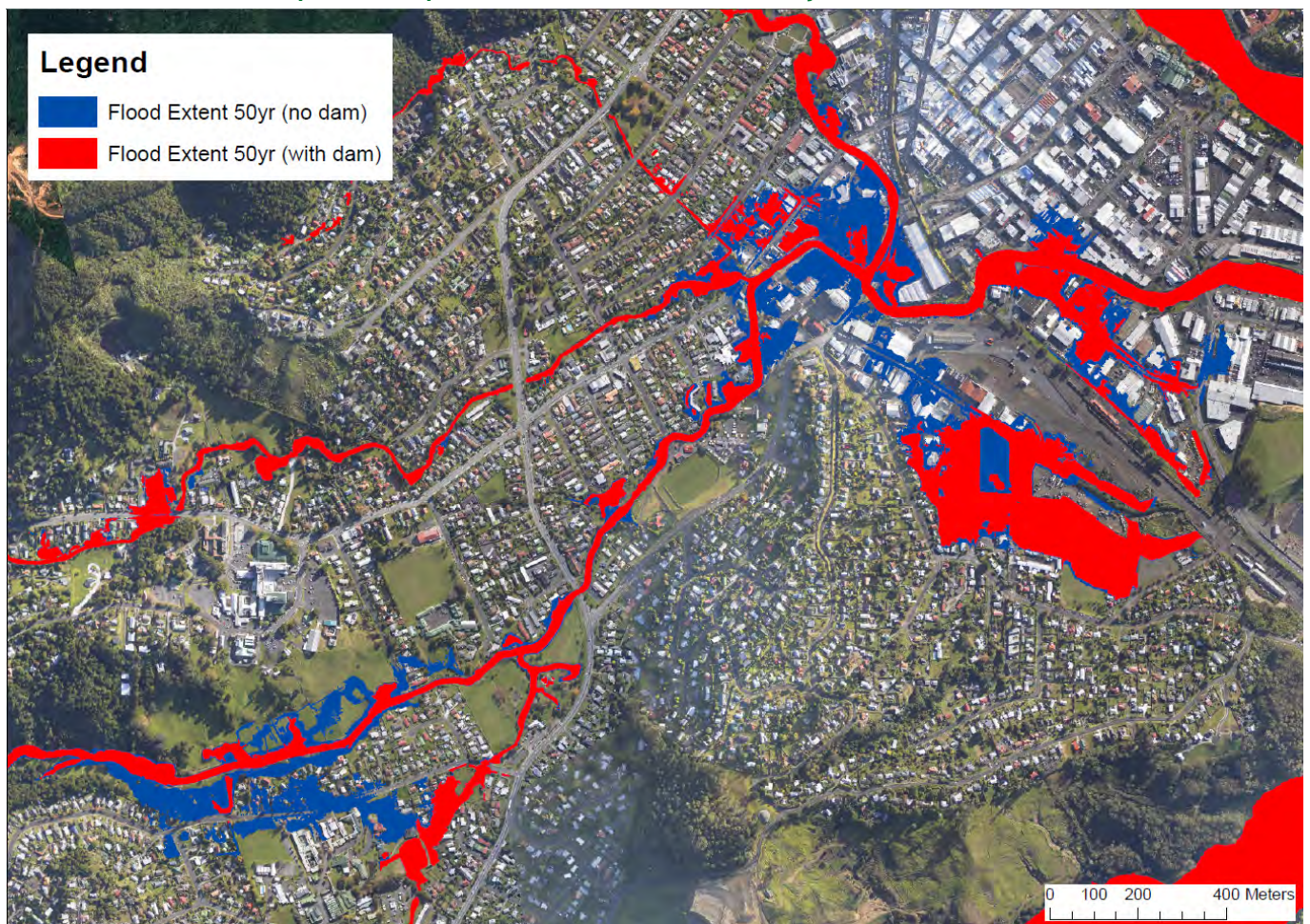
The level of service objective is for 1:50 year river flood protection for the Whangārei CBD.

The Hopua te Nihotetea dam is designed to detain water for up to the 1:100 year flood with an allowance for climate change and freeboard. The dam slowly

releases detained flood waters over several days and reduces the peak flood levels in the Whangārei CBD. The detention dam has brought closer achievement of the level of service objective for the CBD, and has largely achieved the level of service objective for the Raumanga Valley Road area. Works options outlined in 'Significant decisions about capital expenditure' for Whangārei CBD are anticipated to enable achievement of the level of service objective for the main stream channels.

Note that the figure below does not show the impact of the new Limeburners Stormwater overflow channel draining Morningside, nor the Rust Avenue Bridge upgrade.

Impact of the 'Hopua te Nihotetea' detention dam of the 1:50yr flood extent in the CBD



Managing assets

We do not anticipate that the Hopua te Nihotetea dam assets will require significant renewal or replacement expenditure in the first 30 years of operation (having been constructed in 2014/15). When we obtain further information through annual condition monitoring of the dam assets, we will make adjustments to forecast renewal expenditure.

Significant issues, options and implications

The most significant high level strategic issues facing our flood protection and control infrastructure are outlined in 'Strategic overview of issues and options for flood protection assets' below, with options to address them. These issues also apply more broadly

Strategic overview of issues and options for flood protection assets

around Northland, and not just to existing flood scheme areas. Decisions over specific works options for existing and proposed flood schemes are outlined in 'Significant decisions about capital expenditure'.

Issue	Issue summary	Principal options	Implication of options	Preferred option
Climate change	If climate change projections are realised, protecting flood plains and low lying coastal areas will become less sustainable and more expensive over time. Levels of service associated with flood protection assets will gradually reduce and public demand for protection will be likely to increase	Protect	Depending on the context, may be a preferable short to medium term approach but costs will gradually increase over time, especially for coastal areas vulnerable to sea level rise. Drainage of storm water will eventually require pumped systems. There are also risks associated with intensification of development in protected areas.	The preferred option is likely to be location and context specific. The various options may each be suitable for different areas. Consultation and planning is required to develop adaptation strategies with various stake holders.
		Retreat	There is potential for managed or unmanaged retreat from at risk areas. The main implications are loss of land or development potential, and likely expectation for compensation. Land use planning to regulate new development is a first step in a retreat strategy.	
		Accommodate	Lower intervention strategy means lower initial cost. Gradual adaptation over time through more resilient buildings and infrastructure. Requires acceptance of reducing levels of service over time.	
Renewal / replacement of assets	Aging assets will require renewal or replacement at end of design life. This is primarily an issue for the Awanui flood scheme, as Kāeo and Whangārei assets are relatively new.	Renewal at end of design life to design standard/level	Depends on design standard but likely to result in reduction of level of service over time. Short term saving relative to other options.	The Kāeo and Whangārei flood schemes require no renewal or replacement over next 30 years. Awanui flood scheme assets are being renewed at or near end of design life. Stopbank re-alignment is preferred to
		Renewal at end of design life with upgrade to maintain or increase level of service.	Maintains level of service for a finite period of time but without flexibility to re-configure areas to be protected to achieve efficiencies.	
		Replace with alternative structure, including potential relocation of asset.	Consistent with a managed retreat option from areas that have highest residual risk, and are more expensive to defend. High initial cost due to asset relocation and lost land. Opportunity to set back stopbanks and create wider flow paths to raise level of service.	

Issue	Issue summary	Principal options	Implication of options	Preferred option
				provide for wider floodways.
Demand for services	Demand for services likely to increase due to region wide mapping of flood risk. Increased demand is anticipated if/when climate change effects become readily apparent.	Limit increase in demand by identifying at risk areas, and promote regulatory approach to risk avoidance (over at least 100 years) for new development.	Not directly related to management of flood protection assets, but critical to limiting increase in future demand.	Limit increase in demand through land use planning and respond to existing demand and anticipated future demand by expanding number of flood protection schemes, and extent of existing schemes.
		Limit number of schemes, and extent of existing schemes.	Fails to meet current demand, or anticipated increase in demand. Lower flood scheme cost but higher flood damage cost.	
		Increase number of schemes, and extent of existing schemes.	Responds to current demand, and anticipated increase in demand. Higher flood scheme cost is likely to require adjustment to rating policy to make works more affordable. Flood damage cost minimized.	
Levels of service (existing schemes)	Levels of service are not always well defined or met. Actual level of service from existing assets is likely to reduce over time due to climate change impacts and geomorphological changes such as channel migration and flood plain accretion.	Upgrade existing assets in the Awanui flood scheme to meet current levels of service. No change for Kāeo or Whangārei.	Limited initial cost, primarily for Awanui flood scheme, to meet current intended levels of service. Note that considerable cost will still be required to ensure resilience of Awanui assets (see below).	Upgrade and expand assets for existing flood schemes to meet target levels of service.
		Upgrade and expand assets. Raise levels of service to: Rural: 1:20 year Urban: 1:50 year – 1:100 year	Awanui: Requires considerable investment to reduce flood risk to urban Kaitāia down to 1% probability in any year. Achieving this Level of Service requires re-routing flood flow through Kaitāia, including upgrade of Whangatane spillway. Whangārei and Kāeo require additional works downstream of existing assets to raise level of service to protected urban areas.	
Public health and environmental outcomes	Flood schemes are required to prevent or reduce public health and environmental impacts associated with flood events.	Implications and principal options not clear until the regulation or information is made available. Presumption is that flood protection	Complying with new requirements is likely to incur a cost. Non-compliance is likely to incur a liability risk, however there should be a grace period over which compliance with new requirements can be achieved.	Comply with new requirements in a cost-effective manner

Issue	Issue summary	Principal options	Implication of options	Preferred option
	Levels of service and resilience for scheme assets is likely to be affected by new regulation such as a National Policy Statement for Natural Hazards, and the outcomes from Public Enquiries (such as into Edgecumbe flooding of April 2017).	assets will need to comply with any new requirements.		
Resilience of infrastructure	Resilience of flood protection infrastructure may be compromised due to structural failure, or higher flow and flood level resulting from climate change.	Maintain assets to design standard.	New scheme works at Whangārei and Kāeo are designed to be resilient over the next 100 years.	Implement measures to safe guard resilience of flood channels that protect urban areas.
		River channel banks through urban Kaitāia require targeted toe protection to ensure bank stability.	Estimated cost of approximately \$7.9 million to complete Kaitāia river bank stabilisation works, and Bells Hill slip remediation works. Potential liability risk if these works are not completed.	

Recurrent themes in the preceding table are the affordability and resilience of assets, and uncertainty associated with current and future flood risk.

Affordability relates to the ability to be able to continue to invest in the maintenance, renewal and upgrade of infrastructure, and depends on the condition of the assets, what increases in service level are required, and the ability of ratepayers to fund the works. We will continue to strive to ensure that the flood protection and control works are affordable by providing options that can be sustained on both a financial and an operational basis. This may mean that the levels of service may be maintained at the current level and it may not generally be possible to provide complete protection from flooding given funding constraints. Funding policies have been reviewed for flood scheme works, and under this Long Term Plan a newly adopted Flood Infrastructure Rate will fund 70% of qualifying capital works on flood schemes to reduce the burden on the local targeted rate.

Ensuring our infrastructure assets are resilient in the face of future natural hazards is important in continuing to protect our communities in flood prone areas. Flood scheme works implemented since 2010 have been designed to be resilient in a 1:100 year event, and allowing for climate change effects in line

with Ministry for the Environment guidance to Local Government (2008). This measure of resilience for flood protection assets should not be confused with the level of protection afforded by the assets, as the latter is often lower, as shown in the preceding table "Summary of Flood Protection Assets".

While we have modelled flood risk and gained an understanding of the risk profile, a degree of uncertainty remains. Flood plains and river channels are dynamic and it is not possible for us to model all potential storm profiles and flood scenarios, including the potential for structural failure of flood protection assets, and long term accretion of floodplains. We will need to continue to monitor storm events and their effect on scheme assets and settlements located in the flood plain to update our understanding of levels of service and asset resilience. Climate change effects are currently predicted to fall within a wide range, and it is likely that over the course of the next 30 years, climate change projections will be refined, resulting in greater certainty. This will facilitate the design process, especially in relation to the timing of replacement or upgrading of affected scheme assets.

Management of future flood protection works

Significant decisions have been made on management of flood protection works in Northland, including over which new flood schemes to construct, and which existing schemes should be expanded or upgraded to increase level of service.

Significant decisions about capital expenditure

A timeline of new flood infrastructure projects, including upgrades to existing schemes, is shown in the following image. Decisions made for this Long Term Plan on upgrades to the three existing flood schemes and two new flood schemes are laid out in the table below. The timing of future decisions required for these flood schemes is also identified.

As can be seen from the time line below, work on all five of the flood schemes is planned to be undertaken within the period of the Long Term Plan 2018-2028, and therefore a number of major decisions in relation to this Infrastructure Strategy have been taken by council following consultation on the proposed Long Term Plan.

This Infrastructure strategy includes a capital works programme of up to \$24.43 million. A substantial part of this budget is for planned upgrades to the Awanui flood scheme, which accounts for up to \$19.2 million (79%) of the total capital works in this strategy.

Proposed funding methods

New capital expenditure includes investment in new infrastructure for the existing Kāeo-Whangaroa, Whangārei and Awanui flood schemes. Additionally, two new flood schemes are proposed over the planning time frame for this Infrastructure Strategy. The new infrastructure for the Kāeo-Whangaroa flood scheme is to be located at both Kāeo at Matangirau.

Flood control schemes have historically been funded from targeted rates collected over the properties that are within the defined catchment area of each scheme. Funding for large capital works projects has been borrowed from the council and repaid over a set period from the revenue received from targeted rates. Occasionally these works also receive grant subsidies from central government.

Under this Long Term Plan a Flood Infrastructure Rate has been adopted so that new qualifying capital works for flood protection will receive at least a 70% subsidy.

The remaining 30% will be collected from the local targeted rate, which will also be used to cover all on-going operational and maintenance costs of each scheme. For Panguru, the planned capital works are to be 100% funded from the Flood Infrastructure Rate, as the affected community has an insufficient rating base to justify collection of a local rate.

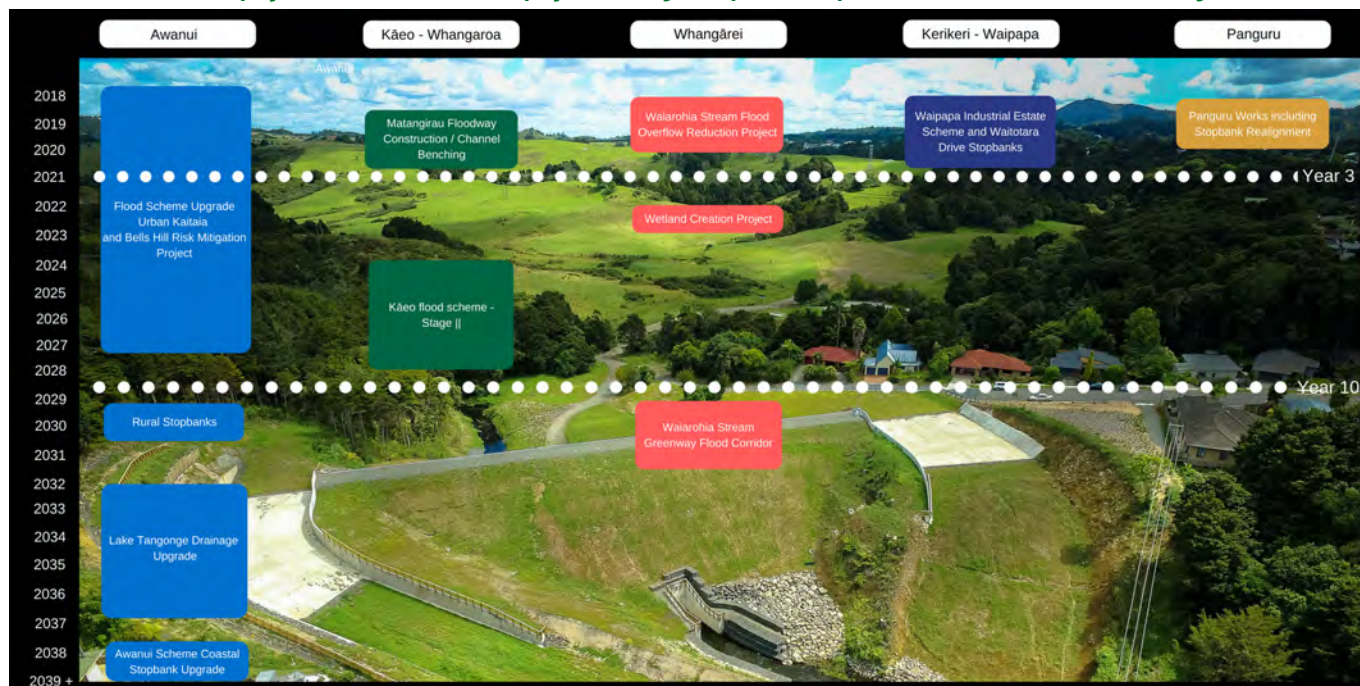
The new Flood Infrastructure Rate is levied at a region-wide level to address priority areas such as the Kaitiāia urban area, and for smaller settlements with a significant flood risk but low rating base. The region-wide flood infrastructure rate funds all of council's wider flood management activities. The component of the rate that funds new capital works is \$6.94 inclusive per SUIP per year, and was adopted by the council following consultation as part of the Long Term Plan 2018-2028 process.

A number of criteria apply to new work to be part-funded by the flood infrastructure rate. These criteria were adopted in this Flood Infrastructure Strategy and apply to the 2018/19 year and every year following unless otherwise resolved by decision of council.

- The work must take place in an area that has been identified as a priority rivers area. This currently includes 26 rivers and catchments where priority has been allocated on the basis of flood risk to lives, buildings, road access, infrastructure and agriculture.
- The new rate would fund work for high risk urban or residential areas only, with protection schemes for farmland alone excluded.
- There must be demonstrable community support for the works.
- Funding would only apply to new capital work, with any operational work required funded by targeted rates.
- The new rate would fund 70% of the cost of work where the total cost is \$500,000 or more, with the balance of the work funded from targeted rates on the area.

In areas where proposed capital works will cost less than \$500,000, and it is not practicable to establish a targeted rate, the new flood infrastructure rate will fund 100% of the cost of the flood works. It may not be practicable to establish a targeted rate where there are less than 1,000 rating units, where the benefits of the flood works are limited to a very small area, or where the rate to be collected would amount to less than \$100,000 a year.

Time line of projected flood infrastructure projects (Background photo of Hopua te Nihotetea Detention dam, Whangarei)



Significant decisions about capital expenditure

Flood scheme	Major works options	Estimated capital expenditure	Year/s for works	Decision required by
Awanui flood scheme Urban Kaitāia	Option 1: Urban Kaitāia (Council has adopted Option 1)	Upgrades to Whangatane Spillway and urban Kaitāia river channels, including rock protection. New flow diversion spillways upstream of Kaitāia. Total resources: \$15.0 million	2018 - 2027 (LTP years 1-9)	LTP 2018 (Decision made)
	Urban Kaitāia resilience upgrade with level of service upgrade for urban areas to 100 year average recurrence interval (ARI) event: River bank protection works for high and medium risk channel sections, Bells Hill slip remediation works, and re-routing of flood flow through Kaitāia to Whangatane Spillway.			
	Option 2: Urban Kaitāia	Total resources: \$7.9 million	2018 - 2026 (LTP Years 1-9)	LTP 2018 (Decision made)

Flood scheme	Major works options	Estimated capital expenditure	Year/s for works	Decision required by
Awanui flood Scheme Rural and coastal	Rural scheme upgrade to achieve 20 year ARI flood protection (level of service objective).	Rural stopbanks: \$622,000 Total resources: \$622,000	2028 – 2030 (LTP years 11-13)	LTP 2027
	Rural scheme upgrade Lake Tangonge drainage upgrade to reduce risk of contamination events associated with drainage of de-oxygenated flood water to the Awanui River, which causes fish die off.	New 2nd flood gate and channel: \$500,000 New lake outlet to Waipapakauri drain, and drain upgrade 5kms: \$640,000 Total resources: \$1.14 million	2032 – 2037 (LTP years 15-20)	LTP 2030
	Rural scheme renewal Renewal of existing major flood gates (Waihoe and Oinu gates)	Total resources: \$300,000	2038 – 2040 (LTP years 21-22)	LTP 2036
	Option 1: Coastal stopbanks Increase coastal stopbank crest levels to defend against potential 0.4m of sea level rise over 50 years.	Coastal stopbanks (2.4 metres Reduced Level): \$1.87 million Note: will require re-assessment once all coastal stopbanks have been surveyed.	2041 – 2047 (LTP Year 23-29)	LTP 2039
	Option 2: Coastal stopbanks Increase coastal stopbank crest levels to 20 year ARI storm surge and defend against potential 1.0m of sea level rise over 100 years.	Coastal stopbanks (3.0 metres Reduced Level): \$2.15 million Note: will require re-assessment once all coastal stopbanks have been surveyed.	2041 – 2047 (LTP Year 23-29)	LTP 2039
Kāeo – Whangaroa flood scheme	Kāeo-Whangaroa flood scheme Adjusted Stage Two works: <ul style="list-style-type: none"> • Waikare Creek widening (350m) • Kāeo River re-alignment (600m) • Deflection bank number four extension (500m). The works are to further reduce flood risk and flood level in the Kāeo township.	Waikare Creek widening: \$150,000 Kāeo River re-alignment: \$450,000 Deflection bank number four extension: \$150,000 Total resources: \$750,000	2024 – 2028 (LTP Year 8-10)	LTP 2024 (Decision made LTP 2018)
	Matangirau flood scheme Floodway (1.5 km), including 1km upstream of Wainui Road and 500m downstream.	Flood way construction / channel benching: Total resources: \$400,000	2019 – 2021 (LTP years 2-3)	LTP 2018 (Decision made)

Flood scheme	Major works options	Estimated capital expenditure	Year/s for works	Decision required by
Whangārei flood scheme	Hopua te Nihotetea detention dam basin wetland project Fencing and planting, earthworks to reduce land levels to create wetland and improve the amenity of the reserve upstream of the dam.	Total resources: \$50,000	2022/23 (LTP year 5)	LTP 2021 (Decision made LTP 2018)
	Whangārei CBD level of service upgrade to 50 year ARI flood protection. Total resources: \$3.3 million	Lower Waiarohia Stream flood overflow reduction to protect Commerce Street. Total resources: \$950,000	2018 – 2020 (LTP years 1-2)	LTP 2018 (Decision made)
		Waiarohia Stream greenway flood corridor (Rust Avenue to Lower Tarewa Road). Total resources: \$2.15 million	2028 – 2032 (LTP years 11-14)	LTP 2027
		Wharowharo Stream re-alignment at Carruth Park including drop structure. Total resources: \$150,000	2032 – 2033 (LTP years 14-15)	LTP 2030
Kerikeri / Waipapa flood scheme	Waipapa Industrial Estate Flood Protection including rerouting and containing of Kerikeri River Overflow <i>and</i> Waitōtara Drive stopbanks (part of original Kerikeri River flood scheme)	Waipapa Industrial Estate scheme works: \$200,000 Waitotara Drive stopbanks: \$140,000 Total resources: \$340,000 (within existing reserve)	2018 – 2021 (LTP years 1-3)	LTP 2018 (Decision made)
Panguru flood scheme	Panguru floodway Whakarapa Stream works (widening) downstream of West Coast Road (200m). Te Rapa Stream benching left bank upstream of Tautoro Road (200m). Stopbank re-alignment downstream of Tautoro Road right bank (1km). Stream bank re-profiling (lowering to 2.3m OTP) downstream of Otengi Road - left bank (300m).	Stopbank re-alignment: \$280,000 Stream channel benching: \$120,000 Stream bank re-profiling \$40,000 Total resources: \$440,000	2018 – 2020 (LTP years 1- 2)	LTP 2018 (Decision made)

Proposed levels of service following future works

Awanui flood scheme:

A decision has been made to adopt Option 1 for flood protection of Kaitāia urban area. This includes the asset resilience upgrades for Urban Kaitāia included under option 2 (\$7.9 million), as well as increasing the level of service for flood protection of the CBD (\$7.1 million). The most significant flood risk to the CBD is from over-topping of the Tarawhataroa Stream stopbanks. This results not solely from Tarawhataroa catchment runoff, but from Awanui River flood overflow across State Highway 1 (SH1) upstream of Kaitāia. A combination of high flow from both sources caused by two flood peaks approximately 12 hours apart presents the highest risk. Due to construction constraints along the Tarawhataroa, including the existing height and steep slopes of stopbanks, and built development in close vicinity to stopbanks, the preferred option to achieve the level of service objective is to reduce Awanui River overflow. This involves increasing the flow capacity of the Awanui River through Kaitāia so the current 100-year level of protection is maintained, and accommodating the majority of the additional flow within the Whangatane spillway (option 1). Planned works under this Long Term Plan will raise the level of service provided by the Tarawhataroa flood protection assets from 30-year to approximately 100-year flood protection. The estimated cost of achieving this level of service upgrade is \$7.1 million (the difference between the two options for Kaitāia in the table above).

The CBD is also at risk of flooding due to failure of flood protection assets during a flood event. This may arise due to river bank slumping which could undermine a stopbank and lead to a breach situation. The cost of \$7.9 million is required to stabilise river

banks through rock armouring of the river bed and lower bank slopes along assessed medium and high risk sections of the Awanui, Tarawhataroa and Whangatane channels as they pass through urban areas (option two). It is considered that completion of this work is a necessity to safeguard resilience of Kaitāia flood defences, and both options one and two included it.

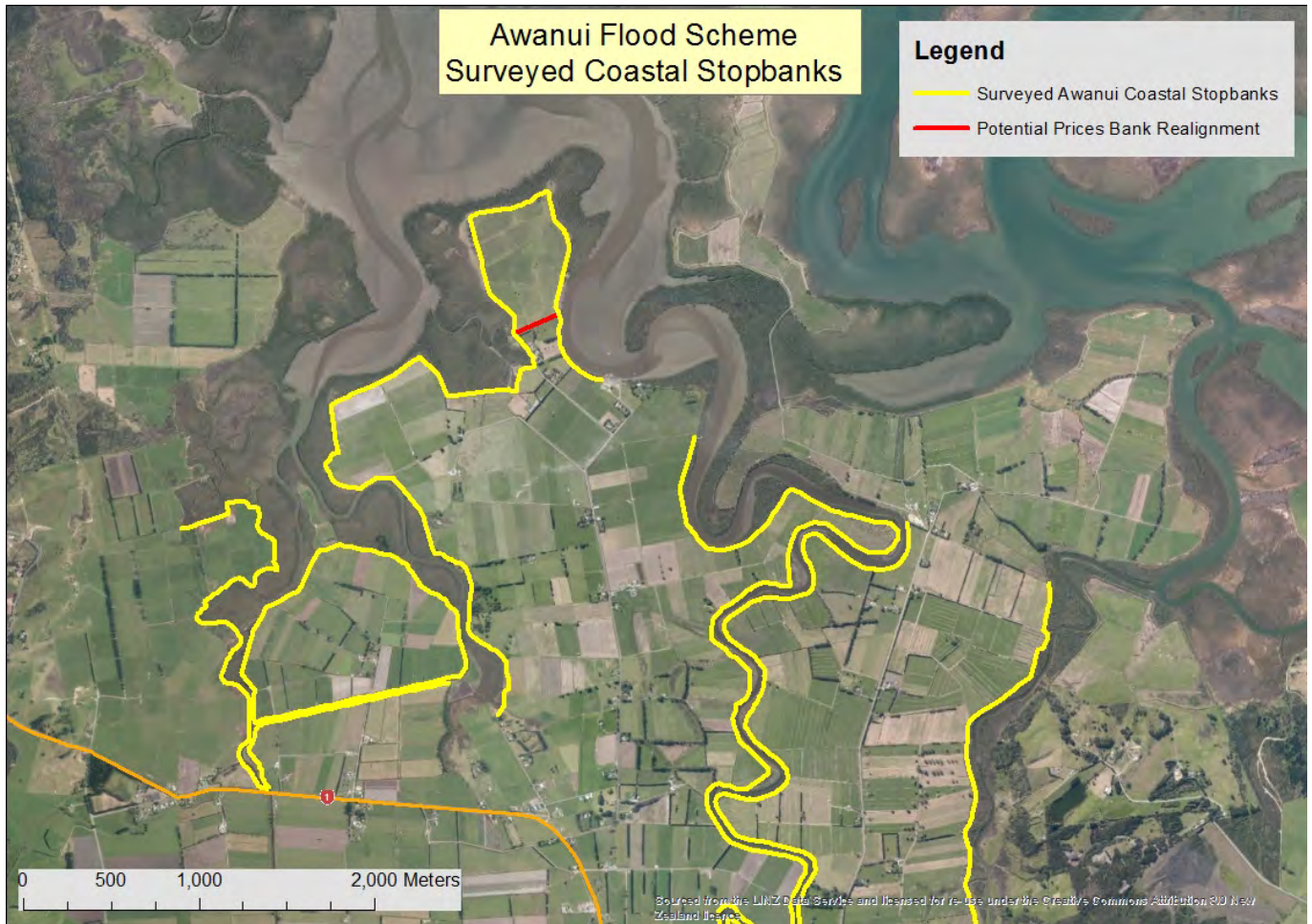
The implications of not progressing option one would be likely to increase over time if climate change were to result in higher flood flows than currently occur. This is because a high percentage of the additional Awanui River flow caused by warmer temperatures would overflow to the Tarawhataroa Stream across the SH1 on the upstream side of Kaitāia.

Beyond the time frame of this Long Term Plan, works proposed on Awanui flood scheme rural flood defences include: Stopbank topping up to 20-year flood design levels, Lake Tangonge drainage upgrade and replacement of the two major flood gates on the Waihoe Channel and Oinu Stream. The combined cost of these works is \$2.06 million.

Awanui coastal stop bank works aim to raise the level of service to the 20-year coastal storm surge level taking into account potential sea level rise over the next 50 or 100 years. A future decision will be required on whether to accommodate sea level rise over 50 years (\$1.87 million) or 100 years (\$2.15 million). As this work is scheduled to be undertaken in the 2040's, it is likely that there will be greater certainty over the rate of sea level rise to be expected, which will assist in making design decisions.

Coastal stopbank upgrade costs given above have been estimated for surveyed sections of stopbank shown in the following map.

Extent of coastal stopbank survey for the Awanui Flood Scheme



The Awanui flood scheme has been expanded in recent years to include new coastal areas, and coastal stopbank survey has not yet been undertaken for those areas. This additional survey will be required prior to the final design of the coastal stopbanks.

Re-alignment of coastal stopbanks can be undertaken to reduce long term renewal cost. An example of this is the Prices Bank shown in the map above (Extent of coastal stopbank survey for the Awanui Flood Scheme), where a considerable length of stop bank is required to protect a modest area of coastal farmland. An option would be to exclude this area from the flood scheme, and instead install a short length of stopbank (shown in red on the map) just North of the small settlement near the base of the peninsula.

Kāeo–Whangaroa flood scheme:

A decision has been made to progress Stage Two works at Kāeo which will increase the level of service to the Kāeo township to 20-year flood protection. Stage Two works are estimated to cost \$750,000. Stage One works done previously are estimated to have achieved a 10-year level of service for the township.

A decision has been made to progress the Matangirau flood scheme, consisting of a 1.5 km floodway. The benefit of these works will be increased by an upgrade of the Wainui Road bridge, to provide addition flood flow capacity under the road. The cost of these works is estimated at \$440,000 (excluding bridge upgrade).

Whangārei urban rivers scheme:

A decision has been made to undertake Stage 1 of works within the CBD to increase the level of service to a 50-year level of flood protection. These Stage 1 works have been estimated to cost \$950,000. Under this Infrastructure strategy, Stage 2 will be implemented in years 11 to 15. A decision has also been

made to develop a wetland site within the detention basin of the Hopua te Nihotetea detention dam in year 5 of this LTP.

Kerikeri-Waipapa flood scheme:

A decision has been made to implement stream channel widening works for the Waipapa industrial estate and stopbanks along Waitōtara Drive, which are intended to increase the level of service at these locations to almost 50yr level of flood protection. The estimated cost of these works is \$340,000 which is to be funded from the existing reserve.

Panguru flood scheme:

A decision has been made to implement Panguru flood scheme works, and to bring forward these works to years 1 and 2 of this LTP. The proposed works include re-aligning 1.0 km length of stopbank and additional channel benching works with total estimated cost of \$440,000. The works are to be implemented in

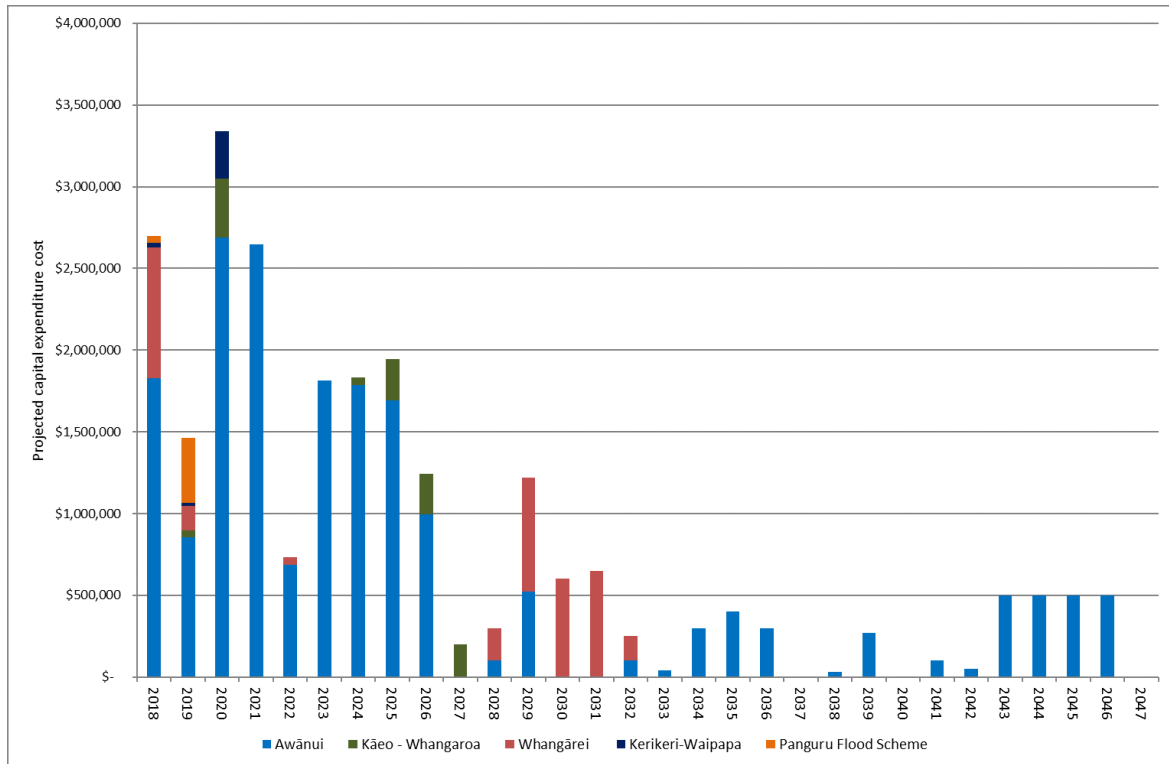
conjunction with Far North District Council with the objectives of reducing flood risk to Panguru settlement, and improving access along the West Coast Road during flood events. Improving access along that road, is a specific project within the Far North District Council Long Term Plan.

Indicative estimates of projected and operating expenditure

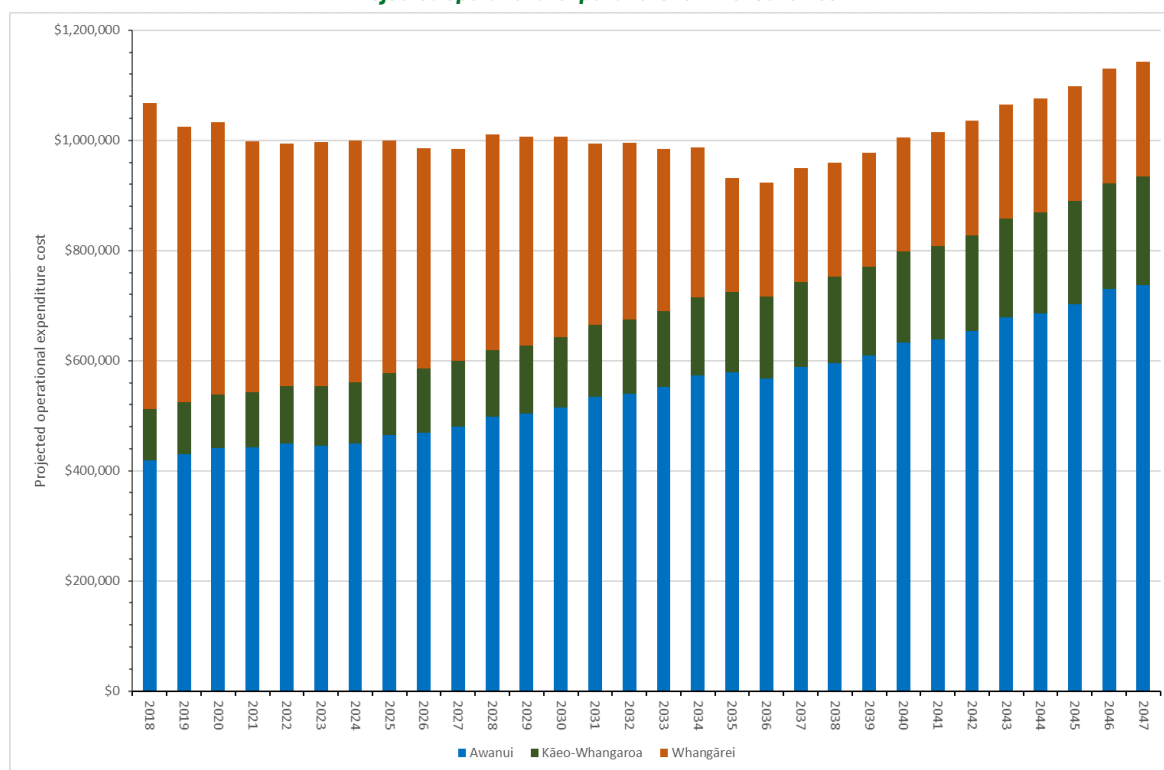
Our indicative estimates of the projected capital and operational expenditure for flood scheme assets are provided below. They show:

- Projected capital expenditure in each of the 30 years covered by the strategy (see 'Projected capital expenditure for river scheme assets by river scheme ').
- Projected operational expenditure in each of the 30 years covered by the strategy (see 'Projected operational expenditure for river schemes').

Projected capital expenditure for river scheme assets by river scheme



Projected operational expenditure for river schemes



A summary of total and annualised expenditure is provided in 'Estimated projected capital and operating expenditure summary'. Asset maintenance and renewal expenditure is a relatively small cost that is used to ensure that existing flood control assets are replaced as they reach the end of their design life. Operational expenditure is the costs associated with the running of the three existing river management schemes, including items such as insurance, interest repayment and general maintenance.

All of our scheme assets carry full insurance replacement cover, including cover for the risk of natural hazards. We also ensure that operational expenditure is budgeted at a level sufficient to undertake maintenance to scheme assets from minor storm damage (i.e. damage that is not sufficient to lodge an insurance claim for). The maintenance programme includes repair and long term renewal of stopbank assets, and therefore no depreciation is applied to stopbank assets within the operational spend budget.

The three existing flood schemes have significantly different opex expenditure forecasts over the 30 year time frame of this strategy. Awanui and Kāeo-Whangaroa operational spend is projected to increase, mirroring increased capital expenditure, while the Whangārei Operational spend progressively reduces over time due to repayment of scheme debt.

Estimated projected capital and operating expenditure summary

Expenditure category, all schemes	Total over 30 years	Annualised
Operational	\$30,379,491	\$1,012,650
New capital	\$24,430,000	\$814,333
Totals	\$54,809,491	\$1,826,983

Key assumptions

In developing this Infrastructure Strategy, we have identified a number of key assumptions that we have made in determining our future planning and expenditure estimates. These are summarised in the following table.

Key assumptions

Area	Assumption	Level of uncertainty (low to high)	Nature of that uncertainty	Potential effects of that uncertainty
Life cycle of significant infrastructure assets	Significant renewal expenditure for newly constructed assets will not be required over the first 30 years of asset life (i.e. Kāeo and Whangārei assets).	Medium	Stopbank settlement rates and failure of ancillary components.	Increased expenditure.
	Accuracy of asset data and flood modelling underlying the financial projections is sufficiently robust	Medium to low	Stopbank settlement rates; Flood plain accretion rates; Flood modelling assumptions. Large, low probability events have the potential to shift probability estimates.	Increased expenditure, or requirement for upgrade to address increases in assessed risk.
	Potential structural failures are able to be detected and remedied before they occur	Medium	River bank and stop bank conditional surveys are successful in identifying risk. This risk is currently being assessed for Kaitāia	Flooding of protected areas if structural failure occurs during a flood event. Capital expenditure to stabilize river banks at Kaitāia is provided for in this strategy.
	Future sea level rise associated with climate change does not exceed Representative Concentration Pathways(RCP)8.5 mid-range trajectory.	Low	More rapid sea level rise would lead to more frequent over-topping of coastal stop banks, and reduced efficiency of natural drainage.	Higher cost of protecting and draining low-lying coastal areas. May trigger managed retreat strategy earlier than anticipated.
Growth or decline in the demand for relevant services	Population growth/decline and land-use development in flood plains is not expected to be a significant driver based on population growth projections and land use planning to reduce risky development.	Low	Accuracy of growth projections and effectiveness of land use planning. Planning processes are successful in limiting exposure to residual risk in protected areas, particularly in areas protected by stopbanks.	Significant additional growth and development in flood prone areas will lead to additional flood risk and drive additional demand for protection.

Area	Assumption	Level of uncertainty (low to high)	Nature of that uncertainty	Potential effects of that uncertainty
	Public perception of flood risk may change due to region wide flood mapping, and demand may increase if climate change effects become apparent.	Medium	Public perception about climate change and personal risk.	Changes in public perception of risk is hard to anticipate and may lead to sudden increase in demand.
Increases or decreases in relevant levels of service	Adequate provision has been made for the projected impacts of climate change in scheme designs based on MfE climate change projections.	Low	Climate change tracks along high end projections resulting in lower levels of service.	Effect is low, as scheme adaptation can take place over decadal timescales, but ultimately there will be increased costs to maintain levels of service or implement a retreat strategy.
	Adequate operational expenditure is provided to maintain scheme service levels.	Medium	Estimation of extent of maintenance works required	Reduce level of service or increase expenditure to maintain level of service
	Level of service standards for urban areas may eventually be adopted at a national level following public enquiries into flood events.	Medium	May require urban flood schemes to meet a higher level of service, which may not be considered affordable by the community.	Review and change potential funding mechanisms to enable national standards to be met, or maintain existing level of service and accept that national standards will not be met.

Council activities
Ngā mahi a te kaunihera



Introduction to council activities

This section sets out the key services we intend to deliver during the 2018 - 2028 period. We have identified the significant aspects of each service and have set performance measures and targets for these that enable you to assess the level of service we intend to provide - this means the quantum, quality or extent of the service you can expect. The performance measures and targets are specifically reported on in our annual reports, which we aim to adopt in October each year.

We also undertake comprehensive internal monitoring of the delivery of our programmes of work, which in some cases will contribute to measures included in our Long Term Plan. All programmes of work are supported by detailed activity management plans.

This section sets out:

- Any significant changes to the level of service for each group of activity
- The reason for any material change to the cost of delivering the activity
- The performance measures adopted by council for each of the activities.

The council intends to deliver the proposed levels of service through each activity area. These activities are grouped according to the way that we deliver them, as follows:

- Governance and engagement
- Regulatory services
- Environmental services
- River management
- Customer services and community resilience
- Corporate excellence.

Note to readers:

For each performance measure in this section we have provided the most recent performance result available at the time of writing, to enable readers to compare targets with current performance. Where new measures have been added, there may not have been a measure of current performance available at the time of writing. Where results were available, these results may not have been included in the council's most recent Annual Report at the time of adopting this long term plan, and were therefore not audited by council's external auditors. These results have been marked with an asterisk.*

All figures outlined in this section are based on present value. These will be inflation-adjusted annually during the term of the plan.

Governance and engagement

Ratonga whakahaere whakauru

Hei aha te kai o te rangatira? He korero, he korero, he korero

What is the food of chiefs? It is knowledge, it is communication

The Northland regional community is represented by councillors who make decisions collectively as the council. In order to make good decisions, council needs to have a good understanding of the wants and needs of the people of Northland, and needs to consider all aspects of Northland, its environment, economy, and communities.

This activity group provides for the ongoing flow of information between council and the people of Northland, promotes cultural competency so that council fulfills its statutory obligations to Māori, and provides for effective, transparent governance on behalf of the people of the Northland region. This activity group also involves promoting the sustainable economic development of the region.

This group includes the following activities:

- Governance
- Māori relationships
- Communication and engagement
- Economic development.

These activities contribute to the following council **areas of focus** (community outcomes):

- Continuous improvement in water quality and security of supply
- Enhancement of indigenous biodiversity and biosecurity
- A strong regional economy
- Safe and resilient communities
- Enduring relationships with tangata whenua
- Efficient and effective service delivery
- Improved returns on council investments
- Efficient and effective land transport policies and public transport.

There are no **significant negative effects** to the community anticipated as a result of delivering any of the activities within the governance and engagement group of activities.

Changes to level of service

The level of service provided for each of the activities in the governance and engagement group either remained the same or has increased as a result of this Long Term Plan.

Changes to costs

There were no material changes to the cost of delivering the governance and engagement group of activities⁽¹⁾. Fluctuations in operational spend from 2017/18 to year three relate to Northland Inc. project funding, which is funded from reserves.

1 As assessed against the financial threshold set out in council's Significance and Engagement Policy.

1.1 Governance

Performance measures and targets

1.1.1 Maintain effective, open and transparent democratic processes.					
How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Percentage of official information ⁽¹⁾ requests that are responded to within 20 working days.	New measure	100% compliance			
Percentage of time that council receives a favourable ("unqualified") audit opinion on its Long Term Plan, Annual Plan, and Annual Report.	New measure	100% compliance			
Percentage of time that elected members attend council meetings.	New measure	90% compliance			
Percentage of the community surveyed that is satisfied with the way council involves the public in the decisions it makes.	27% (Baseline established)	Improve			

1. LGOIMA - Local Government Official Information and Meetings Act

1.2 Māori relationships

Performance measures and targets

1.2.1 Establish enduring and robust governance relationships between council and Māori of Taitokerau					
How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Ten meetings ⁽¹⁾ of the Te Taitokerau Māori and Council Working Party are held each calendar year.	New measure	10 meetings held annually			

1. Five formal meetings and five marae-based meetings

1.2.2 Provide opportunities for Māori to participate in council processes					
How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Percentage of time council meets all relevant requirements of Treaty of Waitangi settlement legislation.	New measure	100% compliance			

1.2.2 Provide opportunities for Māori to participate in council processes

Percentage of time targeted pre-consultation engagement is undertaken with Māori during council's statutory Resource Management Act planning processes.	New measure	100% compliance
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Changes to level of service

The level of service provided increases in this Long Term Plan, in response to increasing demand for input and advice on issues that impact Māori, and to lift the general cultural competency across the organisation. Internal capacity to meet legislative requirements appropriately has been increased and funding has been made available to support Māori related initiatives.

Note: 'Māori relationships' is a new activity under this Long Term Plan. The services it encompasses were previously provided by council and are not new, however these hadn't previously been identified as a separate activity.

1.3 Communication and engagement

Performance measures and targets

The results marked with an asterisk(*) were not included in the council's 2017 Annual Report and have not been audited by council's external auditors.

1.3.1 Support and deliver environmental education initiatives

How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Percentage of schools and kindergartens participating in the Enviroschools programme. ⁽¹⁾	New measure	Establish baseline	Maintain or increase		

1. Schools include primary, intermediate and secondary schools.

1.3.2 Promote effective community engagement

How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Number of subscribers to online and social media channels ⁽¹⁾	7,908*	25% annual increase (number and percentage increase to be reported)			
Frequency of engagement with council's Collaborative Community Engagement Groups ⁽²⁾	100%*	Annual engagement with 100% of groups (actual number of groups and percentage compliance to be reported)			

1. Includes social media, eNewsletters and web alerts

2. Collaborative Community Engagement Groups are defined as any group that the council engages with at least annually, that contributes knowledge and resources to achieve outcomes in a defined area. For example - CoastCare groups, catchment management groups, river liaison committees or civil defence community response groups.

Changes to level of service

The level of service provided for communication and engagement increased in this Long Term Plan, in line with the need for this activity to support all other council activities, and to respond to increasing demand from the community for better and more advanced communication channels and ongoing demand for the Enviroschools programme.

1.4 Economic development

Performance measures and targets

The results marked with an asterisk (*) were not included in the council's last Annual Report and have not been audited by council's external auditors.

1.4.1 Invest in economic development projects and ventures within Northland to improve Northland's economic performance

How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Northland Inc's compliance with Local Government Act requirements relating to its Statement of Intent (SOI) ⁽¹⁾	New measure	100% compliance			
Percentage of Northland Inc's SOI key performance indicators achieved by 30 June each year.	100% - achieved *	100% compliance			

1. Requirements are to provide council with a draft Statement of Intent (SOI) by 1 March, consider council comments by 1 May, and deliver final SOI by 30 June each year.

Changes to level of service

The level of service provided for economic development increased slightly in this Long Term Plan, in response to an increase in the number and complexity of economic development opportunities and obligations, and to enable council to engage more effectively with other agencies including those of central government.

Northland Regional Council: Funding impact statement for 2018-2028 for governance and engagement

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than targeted water rates)	2,905	2,873	3,017	3,199	3,262	3,582
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees charges and targeted rates for water supply	60	60	60	60	60	60
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,226	1,344	1,402	1,433	1,511	1,591
Total operating funding	4,190	4,276	4,478	4,692	4,832	5,233
Applications of operating funding						
Payments to staff and suppliers	6,819	7,433	6,560	6,146	6,196	6,510
Finance costs	253	253	253	253	253	253
Internal charges and overheads applied	619	798	843	882	871	891
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	7,690	8,484	7,655	7,281	7,320	7,654
Surplus/(Deficit) of operating funding	(3,499)	(4,207)	(3,177)	(2,589)	(2,488)	(2,421)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	-	-	-	-	-
Gross proceed from asset sales	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	-	6	-	-	-	-
- To replace existing assets	-	13	-	26	14	5
Increase/(Decrease) in reserves	(2,644)	(3,479)	(2,446)	(1,835)	(1,797)	(1,797)
Increase/(Decrease) in investments	(856)	(747)	(731)	(780)	(704)	(630)
Total applications of capital funding	(3,499)	(4,207)	(3,177)	(2,589)	(2,488)	(2,421)
Surplus/(Deficit) from capital funding	3,499	4,207	3,177	2,589	2,488	2,421
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
3,412	3,510	3,838	3,686	3,770	Targeted rates (other than targeted water rates)
-	-	-	-	-	Grants and subsidies for operating purposes
60	60	60	60	60	Fees charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
1,674	1,756	1,848	1,940	2,035	Local authorities fuel tax, fines, infringement fees and other receipts
5,146	5,326	5,746	5,686	5,864	Total operating funding
					Applications of operating funding
6,423	6,572	6,928	6,875	7,031	Payments to staff and suppliers
253	253	253	253	253	Finance costs
924	960	993	1,019	1,048	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
7,599	7,785	8,174	8,146	8,331	Total applications of operating funding
(2,454)	(2,459)	(2,428)	(2,460)	(2,467)	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from asset sales
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
-	-	-	-	-	- To improve levels of service
-	61	6	-	13	- To replace existing assets
(1,830)	(1,865)	(1,903)	(1,941)	(1,982)	Increase/(Decrease) in reserves
(624)	(655)	(531)	(519)	(498)	Increase/(Decrease) in investments
(2,454)	(2,459)	(2,428)	(2,460)	(2,467)	Total applications of capital funding
2,454	2,459	2,428	2,460	2,467	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

Regulatory services

Ratonga a ture

Whatungarongaro te tangata, toitū te whenua

As man disappears, the land remains

The natural and physical resources of Northland are central to our economy, culture and communities. These resources are under pressure and council has the responsibility for managing them for community use and enjoyment, today and into the future.

The regulatory services group of activities aims to ensure our resources are well governed and managed to meet the needs of Northlanders. Effective resource management begins by setting goals and rules through carefully considered plans, bylaws and strategies. It continues by ensuring that activities are consistent with these plans and national legislation through the resource consents process.

The final step is monitoring compliance with any issued resource consents and regional plan provisions, monitoring the state of the environment to detect any environmental problems, identifying where environmental management has been effective, and providing quality information to enable good decision making which feeds back into the planning process.

This group includes the following activities:

- Planning and policy
- Consents
- Monitoring.

These activities contribute to the following council areas of focus (community outcomes):

- Continuous improvement in water quality and security of supply
- Safe and resilient communities
- Enduring relationships with tangata whenua
- Efficient and effective service delivery
- Enhancement of indigenous biodiversity and biosecurity.

There are no significant negative effects to the community anticipated as a result of delivering any of the activities within the regulatory services group of activities.

Changes to levels of service

The level of service provided for each of the activities in the regulatory services group either remains the same or increases as a result of this long term plan.

Note: These activities were grouped in the last long term plan under 'Resource and Catchment Management'.

Changes to costs

The cost of delivering the level of service across the regulatory group of activities is increasing in this Long Term Plan, with new work across the activities incurring \$1.63 million new operational spend by the third year of the plan. This is considered likely to be significant when assessed against the financial threshold set out in council's Significance and Engagement Policy (\$750,000), and is considered here as a material change to the cost of this service. There were no material changes to the capital spend.

This change in cost has occurred as council responds to demand from central government and the community to do more to protect Northland's natural environment, with particular focus on water management. The increase in cost for the service represents a step change in the monitoring work that will be delivered across each of the activities, and is required to work toward council's community outcomes of 'Continuous improvement in water quality and security of supply' and 'Enhancement of indigenous biodiversity and biosecurity'.

2.1 Planning and policy

Performance measures and targets

2.1.1 Develop and maintain regional planning documents for the management of Northland's natural and physical resources						
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	2025/26	By 2027/28
Develop a new Regional Plan.	New measure	Hold hearings and release council decisions on the proposed Regional Plan.	Engage Māori and stakeholders in plan preparation process.	Notify any plan changes required to implement the National Policy Statement for Freshwater Management (NPS Freshwater).	Efficiency and effectiveness review of the new Regional Plan.	
Make changes to the new Regional Plan and Regional Policy Statement (RPS) as necessary to implement national direction and to respond to resource management issues.	New measure	NPS Freshwater implementation programme is notified by 31 December 2018. Regional targets to improve water quality at specified swimming sites identified and publicly available.	Engage Māori and stakeholders in plan preparation process.	Notify plan change to identify and protect significant freshwater biodiversity sites in the Regional Plan ⁽¹⁾	Further necessary changes to RPS and Regional Plan in response to national planning standards completed.	

1. If not addressed through proposed plan process in 2018.

2.2 Consents

Performance measures and targets

2.2.1 Provide efficient and effective processing and administering of resource consents					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of all resource consent applications that are processed within the statutory timeframes.	100% - achieved	98% compliance ⁽¹⁾			

1. This target takes into account that there may be fluctuations in the number and complexity of resource consent applications that council receives.

2.3 Monitoring

Our monitoring activity comprises compliance monitoring and state of the environment monitoring.

Performance measures and targets

Compliance monitoring:

The results marked with an asterisk (*) were not included in the council's last Annual Report and have not been audited by council's external auditors.

2.3.1 Provide efficient and effective compliance monitoring of resource consents					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of monitored resource consents that are not graded as significantly non-compliant.	97% - achieved *	90%			
Percentage of monitored permitted farm dairy effluent activities that are not graded as significantly non-compliant.	75% - not achieved *	90%			
Percentage of consents for industrial, municipal sewage and farm discharges, and major water takes requiring monitoring, that are monitored as per the council's consent monitoring programme.	92% - not achieved	100%			

2.3.2 Efficient and effective response to and resolution of reported environmental incidents					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of environmental incidents with more than minor effects reported to the Environmental Hotline resolved within 30 working days.	80.9% - achieved	80% resolved within 30 working days			

State of the environment monitoring:

2.4.1 Gather and make available information on the suitability of water bodies for swimming and shellfish collection

How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Monitor at least 50 popular swimming sites weekly during the summer for faecal indicator bacteria and publish the results. ⁽¹⁾	59 - achieved *	50 or more sites monitored weekly during summer			
Monitor at least 15 popular shellfish collection sites weekly during the summer and publish the results. ⁽²⁾	15 - achieved *	15 or more sites monitored weekly during summer			

1. Sites are monitored weekly in the summer from late November/early December to late February/early March.
2. Sites are monitored weekly in the summer from late November/early December to late February/early March.

2.4.2 Monitor the life-supporting capacity of water (fresh and marine), uses and values

How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of sites monitored for macroinvertebrates showing improved or maintained trend in their Macroinvertebrate Community Indices (MCI).	New measure	At least 90%			
Percentage of fish monitoring sites showing improved or maintained trend in their Index of Biotic Integrity (IBI).	New measure	At least 90%			
Percentage of lake sites monitored for ecological status showing improved or maintained trend in their Submerged Plant Indices (SPI).	New measure	At least 90%			
Percentage of lake sites monitored for level of nutrient enrichment showing improved or maintained trend in their Trophic Level Indices (TLI).	New measure	At least 90%			
Comprehensively monitor at least 40 coastal sites monthly for general water quality.	New measure	40 sites monitored annually			

2.4.3 Monitor the standard of ambient air quality in Northland

How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of air sheds meeting the national air quality environmental standards.	100% - achieved	100% compliance			

Changes to level of service

The level of service provided for the monitoring activity increased in this Long Term Plan in order to address water quality and soil erosion in Northland, and in response to community feedback. This was also increased to meet the requirements of the NPS Freshwater, resulting in an expansion of council's freshwater monitoring networks and more robust data collection planning and standards.

Northland Regional Council: Funding impact statement for 2018-2028 for regulatory services

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than targeted water rates)	4,939	6,024	6,386	6,559	6,681	6,869
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees charges and targeted rates for water supply	1,661	1,868	1,909	1,951	1,994	2,040
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-
Total operating funding	6,600	7,893	8,296	8,510	8,676	8,909
Applications of operating funding						
Payments to staff and suppliers	5,511	5,707	6,094	6,349	6,500	6,767
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	2,752	3,211	3,398	3,540	3,484	3,564
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	8,263	8,918	9,493	9,888	9,984	10,331
Surplus/(Deficit) of operating funding	(1,663)	(1,025)	(1,197)	(1,378)	(1,308)	(1,422)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	-	-	-	-	-
Gross proceed from asset sales	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	8	67	10	-	-	19
- To replace existing assets	8	100	43	92	123	119
Increase/(Decrease) in reserves	(95)	-	-	-	-	-
Increase/(Decrease) in investments	(1,584)	(1,193)	(1,249)	(1,470)	(1,431)	(1,560)
Total applications of capital funding	(1,663)	(1,025)	(1,197)	(1,378)	(1,308)	(1,422)
Surplus/(Deficit) from capital funding	1,663	1,025	1,197	1,378	1,308	1,422
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
7,058	7,263	7,481	7,705	7,951	Targeted rates (other than targeted water rates)
-	-	-	-	-	Grants and subsidies for operating purposes
2,087	2,137	2,190	2,245	2,304	Fees charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
9,145	9,400	9,671	9,951	10,255	Total operating funding
					Applications of operating funding
6,973	7,206	7,475	7,716	7,981	Payments to staff and suppliers
-	-	-	-	-	Finance costs
3,699	3,848	3,988	4,091	4,209	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
10,673	11,054	11,463	11,807	12,191	Total applications of operating funding
(1,528)	(1,654)	(1,792)	(1,856)	(1,936)	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from asset sales
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
-	-	-	9	23	- To improve levels of service
60	168	138	95	123	- To replace existing assets
-	-	-	-	-	Increase/(Decrease) in reserves
(1,588)	(1,821)	(1,931)	(1,960)	(2,082)	Increase/(Decrease) in investments
(1,528)	(1,654)	(1,792)	(1,856)	(1,936)	Total applications of capital funding
1,528	1,654	1,792	1,856	1,936	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

Environmental services

Ratonga i te taiao

Tiakina te Taiao, tiakina te iwi e

Protect the environment, protect the people

Managing the natural resources of Northland is a complex task encompassing social, economic, environmental and cultural factors. The environmental services group of activities focuses on improving the natural environment through programmes of management, protection and enhancement and protecting Northland from natural hazards. These activities rely heavily on collaboration with other agencies, communities, and landowners to achieve outcomes.

Freshwater improvement and pest management have been identified as two of council's biggest priorities. The environmental services group of activities contributes to the improvement of freshwater through the promotion of sustainable land practices that aim to reduce erosion and improve water quality, and works to maintain biodiversity through habitat protection, enhancement and monitoring. Through the biosecurity activity this group also manages pest plants, animals and marine organisms, which threaten our forests, waterways and marine life, including a management programme to prevent the spread of Kauri dieback disease which threatens Northland's iconic Kauri.

The Northland region is exposed to a range of natural hazards. The environmental services group of activities works to protect Northland communities through natural hazard management. This involves identifying, assessing and providing information on natural hazards and associated risks, and preparing and implementing risk reduction plans. These programmes of work are supported by the information gathered through council's hydrometric network, which is also a key part of council's environmental monitoring programme, as discussed in the regulatory services group of activities.

This group includes the following activities:

- Natural hazard management
- Hydrology
- Biosecurity
- Biodiversity
- Land and water.

The activities contribute to the following council **areas of focus** (community outcomes):

- Continuous improvement in water quality and security of supply
- Enhancement of indigenous biodiversity and biosecurity
- Enduring relationships with tangata whenua
- Efficient and effective service delivery.

Any **significant negative effects** to the community anticipated as a result of delivering any of the activities within the environmental services group of activities have been identified. These include the potential impact of hazard mapping on individual properties, and additional costs to landowners resulting from farm management plans.

Changes to levels of service

The level of service provided for each of the activities in the environmental services group either remains the same or increases as a result of this Long Term Plan.

Note: The activities included in the environmental services group were previously grouped under 'Resource and Catchment Management' and 'Hazard Management'.

Changes to costs

The cost of delivering the levels of service for the environmental services group of activities is changing significantly in this Long Term Plan, with new work across the activities incurring \$4.65 million new operational spend and \$753,000 new capital spend by the third year of the plan. This is considered likely to be significant when assessed against the financial threshold set out in council's Significance and Engagement Policy (\$750,000), and are considered here as a material change to the cost of this service.

This change in cost has occurred as council responds to demand from central government and the community to do more to protect Northland's natural environment, with particular focus on biosecurity and water management. The increase in cost for the service represents a step-change in the work that will be delivered across each of the activities, and is required to work toward council's community outcomes of 'continuous improvement in water quality and security of supply' and 'enhancement of indigenous biodiversity and biosecurity'.

3.1 Natural Hazard Management

Performance measures and targets

The results marked with an asterisk (*) were not included in the council's last Annual Report and have not been audited by council's external auditors.

3.1.1 Identify and make available information on areas potentially affected by natural hazards through mapping					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Number (and percentage) of river catchments flood-mapped to identify river flooding hazards.	26 (20.2%)*	28 (21.7%)	29 (22.5%)	129 (100%)	-

3.2 Hydrology

Performance measures and targets

3.2.1 Provide information on water resources including rainfall, flood levels and ground water					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of time that flood level monitoring is accurate to enable flood warnings to be developed.	100% - achieved	100% compliance			

Changes to level of service

The level of service provided for hydrology increased in this Long Term Plan in line with the need for this activity to support the increased river management activity, and in response to the National Environmental Monitoring Standards.

3.3 Biosecurity

Performance measures and targets

The results marked with an asterisk (*) were not included in the council's last Annual Report and have not been audited by council's external auditors.

3.3.1 Promote community involvement in pest management					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Increase in hectares of land under Community Pest Control Area Plans (CPCAs) per annum.	76,849 hectares (ha)*	Increase by 5000 hectares annually			
Increase in kiwi populations within council supported programmes ⁽¹⁾ .	New measure	Increase by 2% annually			

1. monitored in accordance with the standardised Department of Conservation kiwi call count monitoring scheme.

3.3.2 Implement measures to slow the introduction and spread of new and established marine pests					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Survey at least 2000 vessel hulls for marine pests each year as part of the Marine Pathway Management Plan	New measure	2000 hulls annually			

Changes to level of service

The level of service for the biosecurity activity increased significantly in this Long Term Plan, in line with increasing demand for pest control both regionally and nationally, including the national Predator Free 2050 programme and council's Pest Free Northland programme. This included building council's capacity for area-specific pest control programmes, urban pest control, incursion response, marine pest management, and working collaboratively with communities.

New pest management programmes were incorporated for high value pest control areas in the Bay of Islands, Tutukaka, Kai Iwi Lakes, and the Mangawhai/Waipū area.

A change was also made to the way that area-specific pest management schemes are funded, with the introduction of a region-wide pest management rate to fund area-specific works in place of targeted pest management rates.

3.4 Biodiversity

Performance measures and targets

3.4.1 Maintain and enhance indigenous biodiversity and eco-systems around our rivers, lakes, wetlands and coastal margins					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Number of wetlands ⁽¹⁾ Enhancement and protection projects funded via Efund annually.	12 - baseline *	13	14	15	20
Number of plants provided through CoastCare programme.	10,170 - baseline *	11,000	12,000	13,000	20,000
Number of objectives met that are set out in annual work plan for Freshwater Improvement ⁽²⁾ .	New measure	100% of objectives met			

1. Includes Top Wetlands.

2. Objectives are set out in Ministry for the Environment project work plans for the Northern Wairoa and Dune Lakes Freshwater Improvement Fund projects.

Changes to level of service

The level of service for the biodiversity activity increased in this Long Term Plan in order to align with nationally set priorities in freshwater improvement and biodiversity maintenance.

3.5 Land and water

Proposed measures and targets

3.5.1 Promote improved water quality by providing advice and funding on sustainable land management, soil conservation, and biodiversity through farm management and catchment management initiatives					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Area hectares (ha) of land being actively managed under a sustainable farm environment plan.	19,827ha *	Increase 25,000 ha per annum			
Area (ha) of highly erodible land being actively managed under a farm environment plan.	New measure	Maintain or increase (from baseline data)			
Number of subsidised poplar poles provided for erosion-prone land by the Flyger Road nursery.	5000 poles(baseline)*	6000	7000	8000	20,000
Kilometres of waterway margins protected to reduce sediment, nutrient run-off and general contamination of water, funded by the Environment Fund.	New measure	Increase (from baseline data)			

Changes proposed

The level of service for the land and water activity increased in this Long Term Plan, in response to demand for an increased focus on water quality, particularly associated with stock exclusion and soil erosion.

Northland Regional Council: Funding impact statement for 2018-2028 for environmental services

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than targeted water rates)	4,731	7,395	8,196	8,754	9,825	9,776
Grants and subsidies for operating purposes	206	506	330	330	330	330
Fees charges and targeted rates for water supply	711	441	446	456	466	477
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-
Total operating funding	5,647	8,343	8,973	9,540	10,621	10,583
Applications of operating funding						
Payments to staff and suppliers	6,222	8,861	9,293	9,975	11,120	11,192
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	1,796	2,440	2,583	2,689	2,645	2,706
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	8,017	11,301	11,876	12,664	13,766	13,898
Surplus/(Deficit) of operating funding	(2,370)	(2,958)	(2,903)	(3,123)	(3,145)	(3,316)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	-	-	-	-	-
Gross proceed from asset sales	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	51	151	403	332	99	121
- To replace existing assets	-	9	2	2	14	-
Increase/(Decrease) in reserves	(234)	(234)	-	-	-	-
Increase/(Decrease) in investments	(2,187)	(2,885)	(3,308)	(3,458)	(3,258)	(3,437)
Total applications of capital funding	(2,370)	(2,958)	(2,903)	(3,123)	(3,145)	(3,316)
Surplus/(Deficit) from capital funding	2,370	2,958	2,903	3,123	3,145	3,316
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
10,265	11,163	12,018	12,673	13,685	Targeted rates (other than targeted water rates)
330	330	330	330	330	Grants and subsidies for operating purposes
488	499	511	524	538	Fees charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
11,082	11,992	12,859	13,527	14,553	Total operating funding
					Applications of operating funding
11,737	12,699	13,331	14,004	15,966	Payments to staff and suppliers
-	-	-	-	-	Finance costs
2,809	2,923	3,029	3,107	3,198	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
14,546	15,622	16,360	17,111	19,164	Total applications of operating funding
(3,463)	(3,630)	(3,501)	(3,585)	(4,611)	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from asset sales
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
45	245	75	79	46	- To improve levels of service
3	14	-	4	15	- To replace existing assets
-	-	308	308	(617)	Increase/(Decrease) in reserves
(3,512)	(3,889)	(3,884)	(3,976)	(4,055)	Increase/(Decrease) in investments
(3,463)	(3,630)	(3,501)	(3,585)	(4,611)	Total applications of capital funding
3,463	3,630	3,501	3,585	4,611	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

River management

Ratonga whakahaere a awa

Ko au te awa, ko te awa ko au

I am the river; the river is me

Northland's geography makes it vulnerable to high intensity rainfall which, when coupled with extensive development on floodplains, means that the risk of flooding is one of the greatest natural hazard risks to this region. Flooding presents a threat to life, property and infrastructure, and can also severely impact the region's productivity and economy.

The river management group of activities focus on managing this risk, and protecting Northland communities from flood hazards. These activities rely heavily on collaboration with other agencies, communities, and landowners to achieve outcomes. River management involves the preparation and implementation of risk reduction plans, and developing, implementing and maintaining flood control works and assets in conjunction with local river management liaison committees.

This group includes the **River Management** activity.

The activity contributes to the following council area of focus (community outcome):

- Safe and resilient communities
- Efficient and effective service delivery.

Any **significant negative effects** to the community anticipated as a result of delivering the river management activity have been identified and addressed. This includes the potential for siltation resulting from flood schemes and unanticipated downstream effects resulting from diverted floodwater.

Changes to levels of service

The level of service provided for this activity increased during the development of this Long Term Plan.

Changes to costs

The cost of delivering the levels of service for the river management group of activities is changing significantly in this Long Term Plan, with new work incurring \$1.02 million new operational spend and \$3.09 million new capital spend by the third year of the plan. This is considered likely to be significant when assessed against the financial threshold set out in council's Significance and Engagement Policy (\$750,000), and is considered here as a material change to the cost of this service.

This change in cost has occurred in response to climate change, which is resulting in more frequent and severe rainfall events, and increasing demand from communities and council for protection of life and property. This is requiring greater levels of work to achieve required protection from average recurrence interval events. The increase in cost for the service represents the necessary outlay to protect life and property.

The additional costs will be funded by the region-wide flood infrastructure rate, and targeted rates including the Whangārei urban rivers management rate, Awanui River management rate, and the Kāeo-Whangaroa Rivers management rate.

New costs include:

Whangārei flood scheme: Lower Waiarohia stream flood overflow reduction project - \$950,000; basin wetland creation project at the Hopua te Nihotetea detention dam - \$50,000.

Awanui flood Scheme: River bank protection works, Bell's Hill slip remediation works, and upgrades to the Whangatane Spillway and urban Kaitāia river channels, including new Awanui River spillways - \$15 million.

Kāeo-Whangaroa flood scheme: Kāeo: Widening of Waikare Creek - \$150,000; Re-alignment of the Kāeo River - \$450,000; Deflection bank extension work - \$150,000. Matangirau: Floodway construction and channel benching - \$400,000.

Panguru: Floodway construction and streambank-widening works - \$440,000

4.1 River management

Performance measures and targets

4.1.1 Build, monitor and maintain flood protection schemes to protect life and property					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Number of flood events occurring as a result of failures of flood protection systems for the Awanui, Whangārei, and Kāeo schemes below specified design levels. ⁽¹⁾	Zero	Zero			

1. *The number of flood events arising due to the failure of the flood protections systems is considered to be the most direct measure of whether these systems are repaired and renewed to the standards set out in the activity management plans.*

Changes to levels of service

The level of service provided for river management is increasing significantly in this Long Term Plan for the years covered by the plan and beyond. This is in response to climate change which is resulting in more frequent and severe rainfall events, and increasing demand from communities and council for protection of life and property. Council will be delivering new or upgraded flood schemes to those areas identified as being most at-risk, increasing the level of service for those communities and the region as a whole. Much of this work is enabled by the contribution of funds from the region-wide Flood Infrastructure Rate. Specific schemes that will contribute to the increase in level of service include:

Awanui river scheme. Increased flood protection and asset resilience will be delivered through river bank protection works, increasing the level of service for flood protection in urban areas of Kaitāia to a 1 in 100 plus climate change average recurrence interval event. The level of service increase for urban Kaitāia is proposed to be achieved by reducing Awanui flood overflow to the Tarawhataroa Stream, and upgrading Awanui River and Whangatane spillway capacity to accommodate the additional flow. Remediation works will also be undertaken at Bell's Hill. This work will take place during years 2018-2027 of this Long Term Plan.

Whangārei river management. An upgrade of the Whangārei Central Business District (CBD) to a 50-year average recurrence interval will be carried out in stage four of the scheme, which will continue beyond this Long Term Plan. The first project in the stage four works is flood overflow reduction on the lower Waiarohia stream, planned for the period 2018-2020. This will increase the level of service for properties situated in the Commerce Street area of the CBD through a reduction in flood overflow across Wood Road.

Kāeo-Whangaroa. Adjusted Kāeo Stage 2 work is scheduled for 2024-2028, including an increase in the level of protection for Kāeo township through Waikare Creek widening and relocating the confluence of the Kāeo River and Waikare Creek approximately 600 metres downstream. This will help reduce the backwater flooding in the township. Floodway construction at Matangirau is scheduled for 2019-2021. The floodway is proposed to be progressed in conjunction with the Far North District Council bridge capacity upgrade at the Wainui Road.

Kerikeri-Waipapa spillway flood scheme. Two projects are planned for this catchment to reduce flooding from the Kerikeri River to the Waipapa Industrial Estate and Waitōtara Drive.

Panguru. Floodway construction and streambank-widening works are scheduled for 2018/19 - 2019/20 to help reduce flooding to Panguru settlement and the West Coast Road.

Please refer to the 'Infrastructure strategy: Flood protection and control // Rautaki Hanganga' for more information on the programmes of work outlined above, and the criteria for application of the Flood Infrastructure Rate (see 'proposed funding methods').

Northland Regional Council: Funding impact statement for 2018-2028 for river management

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than targeted water rates)	3,389	4,630	5,019	5,166	5,253	5,317
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-	-	-
Internal charges and overheads recovered	28	34	17	4	3	1
Local authorities fuel tax, fines, infringement fees and other receipts	36	36	36	36	41	41
Total operating funding	3,452	4,700	5,072	5,205	5,297	5,359
Applications of operating funding						
Payments to staff and suppliers	2,285	2,246	2,679	2,957	3,007	3,179
Finance costs	409	419	517	582	746	872
Internal charges and overheads applied	809	894	947	984	967	990
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	3,504	3,559	4,143	4,523	4,720	5,041
Surplus/(Deficit) of operating funding	(52)	1,141	929	682	577	319
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	2,667	1,445	2,354	2,646	735
Gross proceed from asset sales	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Total sources of capital funding	-	2,667	1,445	2,354	2,646	735
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	203	2,277	1,471	2,429	2,162	639
- To replace existing assets	145	694	405	1,220	869	290
Increase/(Decrease) in reserves	483	1,542	1,369	1,218	1,116	935
Increase/(Decrease) in investments	(883)	(705)	(871)	(1,830)	(924)	(810)
Total applications of capital funding	(52)	3,808	2,374	3,037	3,223	1,054
Surplus/(Deficit) from capital funding	52	(1,141)	(929)	(682)	(577)	(319)
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
5,261	5,364	5,479	5,565	5,680	Targeted rates (other than targeted water rates)
-	-	-	-	-	Grants and subsidies for operating purposes
-	-	-	-	-	Fees charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
41	41	41	41	41	Local authorities fuel tax, fines, infringement fees and other receipts
5,302	5,405	5,521	5,606	5,721	Total operating funding
					Applications of operating funding
3,309	3,415	3,631	3,757	3,856	Payments to staff and suppliers
870	942	1,011	1,084	1,111	Finance costs
1,028	1,070	1,109	1,138	1,171	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
5,206	5,427	5,751	5,979	6,138	Total applications of operating funding
96	(22)	(231)	(373)	(417)	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
1,814	1,834	1,944	1,244	200	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from asset sales
-	-	-	-	-	Lump sum contributions
1,814	1,834	1,944	1,244	200	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
1,304	1,621	1,506	946	200	- To improve levels of service
634	559	644	395	133	- To replace existing assets
761	707	574	477	485	Increase/(Decrease) in reserves
(790)	(1,074)	(1,011)	(947)	(1,034)	Increase/(Decrease) in investments
1,910	1,812	1,714	871	(217)	Total applications of capital funding
(96)	22	231	373	417	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

Customer services and community resilience

Ratonga manawaroa a hapori

Hei aha te mea nui i tenei Ao? He tangata, he tangata, he tangata

What is the greatest thing in the world? It is people, it is community

Council is continually working to improve the safety and resilience of Northland. This includes working to keep people safe on the roads and on the water, preparing the region for emergency situations, and ensuring that council provides professional and timely interaction with the people of Northland. This group of activities works to ensure that excellent customer service is delivered across all activities.

Ensuring that people have access to the information that they need when they need it, and that inquiries are acknowledged and responded to in a timely manner, is a critical part of council operations that underpins all of the services that council offers. Council information and services need to be accessible, regardless of location or ability.

Preparing for, and being able to respond to and recover from significant emergencies, is key to building a resilient region. Council takes a lead role in the Northland Civil Defence and Emergency Management group, co-coordinating and managing the civil defence emergency management activities in Northland. This involves working with the three district councils and other key groups and stakeholders. Northland councils have a partial shared service model for Civil Defence Emergency Management delivery, and it is proposed to strengthen the shared service with the inclusion of all four councils.

With its deep water port and high shipping volume, one of the more likely emergency scenarios for Northland is a marine oil spill. This activity works to address this risk by undertaking planning, training and resourcing necessary to prevent and respond to oil spills.

Also key to ensuring the safety and resilience of Northland is the management of the way that people move around the region, both on the water and on our roads, and council works to promote and regulate navigation safety on all coastal waters and lakes. This activity also encompasses the work involved in strategic planning and resourcing land transport needs for the region, working to ensure road safety, and providing a public bus service to help people move around the region. One of the biggest challenges in this area is the declining number of passengers on public bus services.

- Customer services
- Civil defence emergency management
- Oil pollution response
- Harbour safety and navigation
- Transport.

These activities contribute to the following council areas of focus (community outcomes):

- A strong regional economy
- Safe and resilient communities
- Efficient and effective service delivery
- Efficient and effective land transport policies and public transport.

There are no significant negative effects to the community anticipated as a result of delivering any of the activities proposed within the customer services and community resilience group of activities.

Changes to levels of service

The level of service provided for each of the activities in the customer services and community resilience group either remained the same or increased during the development of this Long Term Plan. Changes are also proposed to the way that we group and measure these activities:

Changes to costs

The cost of delivering the levels of service for the customer services and community resilience group of activities is changing significantly in this Long Term Plan, with the council incurring \$2.95 million new operational spend by the third year of the plan. This is considered likely to be significant when assessed against the financial threshold set out in council's Significance and Engagement Policy (\$750,000), and is considered here as a material change to the cost of this service.

This change in costs has occurred as a response to: the cost of servicing a loan; the upgrade, maintenance and security for Rose St bus terminal (operational and capital spend); increased bus contract cost and the provision of bus trials; overheads; and increased staff numbers.

This increase in operational costs is funded from increases in targeted transport rates, grants and subsidies; reimbursement from Northland Emergency Services Trust for the cost of servicing the loan; and by decreasing council's investments and reserves.

5.1 Customer services

Performance measures and targets

5.1.1 Providing meaningful customer service					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of customers surveyed that are satisfied with the quality of service received following an interaction with council.	New measure	Maintain or increase (specific targets will be set once baseline established)			

Changes to level of service

The level of service provided for the customer service activity increases in this Long Term Plan, in response to the growing scope of council work, and a commitment to excellent customer service.

5.2 Civil defence emergency management

Performance measures and targets

5.2.1 Provide accurate and timely flood warnings to enable communities to take precautionary measures to protect life and property					
How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Percentage of time that accurate flood warnings are issued in accordance with the council's flood warnings procedures.	100% achieved	100% compliance			

5.2.2 Maintain an effective civil defence emergency management system					
How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Percentage of time that emergencies ⁽¹⁾ are debriefed within one month, and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	Not applicable (no events occurred)	100% annually			

1. Emergencies that require the activation of an emergency operations centre.

5.3 Oil pollution response

Performance measures and targets

5.3.1 Maintain an efficient and responsive oil pollution response					
How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Maintain a regional oil spill response plan, including a minimum of 30 up-to-date trained responders ⁽¹⁾ .	New measure	Maintain a minimum of 30 responders at all times			

1. The number of trained responders required is set by Maritime Pollution Response Services, Maritime New Zealand in accordance with a national plan.

5.4 Harbour safety and navigation

Performance measures and targets

The results marked with an asterisk (*) were not included in the council's last Annual Report and have not been audited by council's external auditors.

5.4.1 Provide regional navigational safety control of shipping and small craft, provide aids to navigation to ensure the region's navigable waters are safe for people to use, and manage the region's moorings.					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Percentage of time that the operational safety management system for the pilotage areas of Whangārei and Bay of Islands complies with the Port and Harbour Safety Code. ⁽¹⁾	100% - achieved*	100% compliance			
Percentage of time that pilotage in the Bay of Islands is provided in accordance with the safety management system. ⁽²⁾	New measure	100% compliance			
Percentage of reported aids to navigation faults that are responded to within five working days.	New measure	100% compliance			
Percentage of moorings either serviced within the past three years or booked to be serviced.	New Measure	95% of moorings			

1. Operational safety management system compliance with the Port and Harbour Safety Code is measured by conducting an annual self-assessment and periodic peer review.
2. Operational safety management system compliance with the Port and Harbour Safety Code is measured by conducting an annual self-assessment.

5.5 Transport

Performance measures and targets

The results marked with an asterisk (*) were not included in the council's last Annual Report and have not been audited by council's external auditors.

5.5.1 Provide an efficient and effective public bus service					
How we'll measure our performance	Latest result: 2016/17	2018/19	2019/20	2020/21	By 2027/28
Number of passengers for the Whangārei urban bus service. ⁽¹⁾	309,414	Maintain 310,000 per annum			
Percentage of passengers satisfied with overall Whangārei bus service. ⁽²⁾	96% - achieved *	95% compliance			

1. Other bus services apart from Whangārei not included as they are either minor, temporary or trial services only.
2. Passenger satisfaction rating of six or above on a 10 point scale.

5.5.2 Plan for the future transport needs of the region

How we'll measure our performance	Latest result:	2018/19	2019/20	2020/21	By 2027/28
	2016/17				
Develop and maintain statutory transport planning documents including the Regional Land Transport Plan (RLTP) and Regional Public Transport Plan (RPTP).	New measure	Adopt RPTP		Adopt RLTP	Adopt RLTP
		Adopt RLTP			

Northland Regional Council: Funding impact statement for 2018-2028 for customer services and community resilience

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than targeted water rates)	3,954	4,490	4,715	4,771	4,840	4,915
Grants and subsidies for operating purposes	1,703	2,539	2,539	2,539	2,539	2,539
Fees charges and targeted rates for water supply	1,958	1,820	1,859	1,899	1,939	1,983
Internal charges and overheads recovered	8	8	8	8	8	8
Local authorities fuel tax, fines, infringement fees and other receipts	-	221	367	470	470	380
Total operating funding	7,623	9,079	9,488	9,688	9,798	9,825
Applications of operating funding						
Payments to staff and suppliers	6,634	8,319	8,566	8,793	8,699	8,799
Finance costs	-	221	367	470	470	380
Internal charges and overheads applied	1,449	1,603	1,691	1,771	1,749	1,789
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	8,083	10,142	10,624	11,034	10,918	10,968
Surplus/(Deficit) of operating funding	(461)	(1,064)	(1,136)	(1,346)	(1,120)	(1,143)
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	-	-	-	-	-
Gross proceed from asset sales	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	123	434	-	-	-	-
- To replace existing assets	79	185	25	42	107	-
Increase/(Decrease) in reserves	210	(18)	(16)	(141)	47	48
Increase/(Decrease) in investments	(873)	(1,665)	(1,144)	(1,247)	(1,274)	(1,191)
Total applications of capital funding	(461)	(1,064)	(1,136)	(1,346)	(1,120)	(1,143)
Surplus/(Deficit) from capital funding	461	1,064	1,136	1,346	1,120	1,143
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
4,991	5,072	5,159	5,248	5,345	Targeted rates (other than targeted water rates)
2,539	2,539	2,539	2,539	2,539	Grants and subsidies for operating purposes
2,027	2,075	2,125	2,177	2,233	Fees charges and targeted rates for water supply
8	8	8	8	8	Internal charges and overheads recovered
251	105	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
9,817	9,800	9,832	9,973	10,126	Total operating funding
					Applications of operating funding
9,032	9,010	9,126	9,380	9,381	Payments to staff and suppliers
251	105	-	-	-	Finance costs
1,854	1,926	1,994	2,045	2,103	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
11,137	11,040	11,119	11,425	11,484	Total applications of operating funding
(1,320)	(1,241)	(1,288)	(1,452)	(1,359)	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from asset sales
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
-	-	-	-	-	- To improve levels of service
-	-	-	-	-	- To replace existing assets
(81)	51	53	(80)	48	Increase/(Decrease) in reserves
(1,239)	(1,292)	(1,341)	(1,372)	(1,406)	Increase/(Decrease) in investments
(1,320)	(1,241)	(1,288)	(1,452)	(1,359)	Total applications of capital funding
1,320	1,241	1,288	1,452	1,359	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

Corporate excellence

Ratonga rangapū

Mā e huru huru, ka rere te manu

Adorn the bird with feathers so it can fly

The corporate excellence group encompasses many of the corporate and support functions required to ensure that council business is run in an efficient, accountable, and legislatively compliant manner. This includes management of council's financial operations and investments, human resources and health and safety, information management, information technology, property, and other administration.

This service underpins all the work that council undertakes in the areas of governance and engagement, regulatory services, environmental services, and customer service and community resilience. Without it council could not deliver any of the levels of service discussed above.

This group includes the **corporate services** activity.

This activity contributes to all council **areas of focus** (community outcomes):

- Continuous improvement in water quality and security of supply
- Enhancement of indigenous biodiversity and biosecurity
- A strong regional economy
- Safe and resilient communities
- Enduring relationships with tangata whenua
- Efficient and effective service delivery
- Improved returns on council investments
- Efficient and effective land transport policies and public transport.

There are no significant **negative effects** to the community anticipated as a result of delivering the corporate excellence group of activities.

Changes to levels of service

The level of service provided for corporate excellence is increasing in line with the need for this activity to support increases to all other council activities. There is also an increase in service resulting from the Regional Sporting Facilities Rate.

Changes to costs

The cost of delivering the level of service for the corporate excellence group of activities is increasing in this Long Term Plan, with new work across the activities incurring \$2.69 million new operational spend and \$2.2 million new capital spend by the third year of the plan. This is considered likely to be significant when assessed against the financial threshold set out in council's Significance and Engagement Policy (\$750,000), and are considered here as a material change to the cost of this service.

This increase in operational costs is the result of the inclusion of the Regional Sporting Facilities Rate, and the increased levels of service across council's core activities and the resulting increased demand for corporate services, including staff, vehicles, and information technology. This is funded from an increase in targeted rates.

The change in capital spend is mainly due to an increase in forestry income leading to an increase in investments.

Performance measures and targets

There are no specific level of service statements and measures included for the corporate excellence group.

Note

The following pages show the funding impact statement for the corporate excellence group of activities. Please note that in Year 2, council is showing gross proceeds from asset sales of \$14.2m. This is offset by capital expenditure budgets to replace existing assets. This is the result of selling properties and reinvesting in further commercial properties. While we are budgeting for this all to happen in Year 2, there is a possibility that it may happen over two to three years. Any surpluses or deficits as a result of this process will be held or funded using the Property Reinvestment Fund.

Northland Regional Council: Funding impact statement for 2018-2028 for corporate excellence

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than targeted water rates)	1,046	1,757	2,122	2,343	2,123	2,184
Grants and subsidies for operating purposes	-	-	-	-	-	-
Fees charges and targeted rates for water supply	121	120	123	126	128	131
Internal charges and overheads recovered	7,528	9,059	9,583	9,991	9,840	10,066
Local authorities fuel tax, fines, infringement fees and other receipts	8,212	8,996	10,629	9,640	9,838	10,198
Total operating funding	16,906	19,932	22,457	22,099	21,930	22,580
Applications of operating funding						
Payments to staff and suppliers	7,199	9,145	10,507	9,862	9,738	9,896
Finance costs	101	86	89	105	138	273
Internal charges and overheads applied	103	114	121	125	123	126
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	7,403	9,345	10,717	10,093	10,000	10,295
Surplus/(Deficit) of operating funding	9,503	10,588	11,740	12,007	11,930	12,285
Sources of capital funding						
Subsidies and grants for capital purposes	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	-	-	305	-	-
Gross proceed from asset sales	-	-	14,194	-	-	-
Lump sum contributions	-	-	-	-	-	-
Total sources of capital funding	-	-	14,194	305	-	-
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	114	730	524	395	74	68
- To replace existing assets	784	524	14,916	462	686	702
Increase/(Decrease) in reserves	2,252	2,106	2,610	2,142	2,195	2,264
Increase/(Decrease) in investments	6,354	7,227	7,883	8,702	8,975	9,251
Total applications of capital funding	9,503	10,588	25,934	11,701	11,930	12,285
Surplus/(Deficit) from capital funding	(9,503)	(10,588)	(11,740)	(12,007)	(11,930)	(12,285)
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
2,231	2,288	2,351	2,398	2,446	Targeted rates (other than targeted water rates)
-	-	-	-	-	Grants and subsidies for operating purposes
134	138	141	145	148	Fees charges and targeted rates for water supply
10,445	10,863	11,254	11,544	11,878	Internal charges and overheads recovered
10,811	11,034	11,424	11,707	11,997	Local authorities fuel tax, fines, infringement fees and other receipts
23,621	24,322	25,171	25,794	26,469	Total operating funding
					Applications of operating funding
10,264	10,312	10,523	10,758	11,012	Payments to staff and suppliers
453	644	798	852	907	Finance costs
131	136	141	145	149	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
10,848	11,092	11,462	11,755	12,068	Total applications of operating funding
12,774	13,230	13,708	14,038	14,400	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital purposes
-	-	-	-	-	Development and financial contributions
-	-	-	-	-	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from asset sales
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
69	80	73	75	86	- To improve levels of service
495	507	520	533	548	- To replace existing assets
2,344	2,342	2,409	2,450	2,520	Increase/(Decrease) in reserves
9,865	10,301	10,707	10,980	11,246	Increase/(Decrease) in investments
12,774	13,230	13,708	14,038	14,400	Total applications of capital funding
(12,774)	(13,230)	(13,708)	(14,038)	(14,400)	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

Funding impact statement
Te tauākī pānga pūtea



Northland Regional Council: Funding impact statement for 2018-2028 (whole of council)

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates	20,962	27,169	29,455	30,792	31,984	32,643
Grants and subsidies for operating purposes	1,909	3,046	2,869	2,869	2,869	2,869
Fees charges	4,510	4,310	4,398	4,492	4,588	4,691
Interest and dividends from investments	7,013	8,021	8,449	9,005	9,280	9,629
Local authorities fuel tax, fines, infringement fees and other receipts	2,461	2,575	3,985	2,575	2,580	2,580
Total sources of operating funding	36,855	45,121	49,155	49,733	51,302	52,413
Applications of operating funding						
Payments to staff and suppliers	34,670	41,711	43,699	44,081	45,260	46,344
Finance costs	726	936	1,201	1,398	1,596	1,768
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding	35,396	42,647	44,900	45,479	46,856	48,112
Surplus/(Deficit) of operating funding	1,459	2,474	4,255	4,253	4,446	4,301
Sources of capital funding						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(Decrease) in debt	-	2,667	1,445	2,049	2,646	735
Gross proceed from sale of assets	-	-	14,194	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
Total sources of capital funding	-	2,667	15,639	2,049	2,646	735
Applications of capital funding						
Capital expenditure						
- To meet additional demands	-	-	-	-	-	-
- To improve levels of service	498	3,666	2,407	3,157	2,335	846
- To replace existing assets	1,016	1,525	15,391	1,845	1,813	1,116
Increase/(Decrease) in reserves	(91)	(83)	1,516	1,383	1,561	1,451
Increase/(Decrease) in investments	35	33	580	(83)	1,384	1,624
Total applications of capital funding	1,459	5,141	19,894	6,302	7,092	5,037
Surplus/(Deficit) from capital funding	(1,459)	(2,474)	(4,255)	(4,253)	(4,446)	(4,301)
FUNDING BALANCE	-	-	-	-	-	-

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Sources of operating funding
-	-	-	-	-	General rates, uniform annual general charges, rates penalties
33,218	34,660	36,326	37,275	38,878	Targeted rates
2,869	2,869	2,869	2,869	2,869	Grants and subsidies for operating purposes
4,796	4,908	5,028	5,151	5,282	Fees charges
9,981	10,356	10,733	11,108	11,492	Interest and dividends from investments
2,795	2,580	2,580	2,580	2,580	Local authorities fuel tax, fines, infringement fees and other receipts
53,660	55,374	57,536	58,983	61,101	Total sources of operating funding
					Applications of operating funding
47,737	49,214	51,014	52,491	55,227	Payments to staff and suppliers
1,817	1,934	2,053	2,179	2,262	Finance costs
-	-	-	-	-	Other operating funding applications
49,555	51,148	53,067	54,670	57,489	Total applications of operating funding
4,105	4,225	4,469	4,313	3,612	Surplus/(Deficit) of operating funding
					Sources of capital funding
-	-	-	-	-	Subsidies and grants for capital expenditure
-	-	-	-	-	Development and financial contributions
1,814	1,834	1,944	1,244	200	Increase/(Decrease) in debt
-	-	-	-	-	Gross proceed from sale of assets
-	-	-	-	-	Lump sum contributions
-	-	-	-	-	Other dedicated capital funding
1,814	1,834	1,944	1,244	200	Total sources of capital funding
					Applications of capital funding
					Capital expenditure
-	-	-	-	-	- To meet additional demands
1,419	1,945	1,654	1,108	355	- To improve levels of service
1,193	1,309	1,308	1,028	831	- To replace existing assets
1,194	1,234	1,441	1,214	454	Increase/(Decrease) in reserves
2,113	1,571	2,009	2,206	2,171	Increase/(Decrease) in investments
5,919	6,060	6,413	5,557	3,812	Total applications of capital funding
(4,105)	(4,225)	(4,469)	(4,313)	(3,612)	Surplus/(Deficit) from capital funding
-	-	-	-	-	FUNDING BALANCE

This statement is GST exclusive. It is required under the Local Government Act 2002 (Schedule 10, Clause 15) and conforms to Schedule 2, Form 3 of the Local Government (Financial Reporting and Prudence) Regulations 2014. Generally Accepted Accounting Practice (GAAP) does not apply to Funding Impact Statements as stated in section 111(2) of the Local Government Act 2002. Key divergences from GAAP are not including depreciation; including internal charges; and combining capital and operational items in one financial statement.

Please note that in Year 2, council is showing gross proceeds from asset sales of \$14.2m. This is offset by capital expenditure budgets to replace existing assets. This is the result of selling properties and reinvesting in further commercial properties. While we are budgeting for this all to happen in Year 2, there is a possibility that it may happen over two to three years. Any surpluses or deficits as a result of this process will be held or funded using the Property Reinvestment Fund.

Reconciliation to Statement of Comprehensive Revenue and Expense

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Capital expenditure included above not in Comprehensive Revenue and Expense	1,514	5,190	17,798	5,002	4,148	1,962
Investment movements included above not in Comprehensive Revenue and Expense	35	33	580	(83)	1,384	1,624
Other Gains included in Comprehensive Income not above	-	-	-	-	-	-
Gross Proceeds included above not in Comprehensive Income	-	-	(14,194)	-	-	-
Financial Asset fair value adjustments included in comprehensive income but not above	-	-	-	-	-	-
Property revaluation adjustments included in comprehensive income but not above	-	-	-	-	-	-
Proceeds from Borrowings included above not in comprehensive revenue	-	(2,667)	(1,445)	(2,049)	(2,646)	(735)
Transfers to/(from) special reserves included above not in comprehensive Income	(91)	(83)	1,516	1,383	1,561	1,451
Infrastructure asset revaluation adjustments included in comprehensive income but not above	-	-	-	-	-	-
Depreciation Expense included in Comprehensive Income not above	(1,434)	(1,626)	(1,738)	(1,823)	(1,771)	(1,703)
Total Comprehensive Income per the Statement of Comprehensive Revenue and Expense	26	848	2,517	2,430	2,675	2,598

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
2,612	3,254	2,962	2,136	1,187	Capital expenditure included above not in Comprehensive Revenue and Expense
2,113	1,571	2,009	2,206	2,171	Investment movements included above not in Comprehensive Revenue and Expense
-	-	-	-	-	Other Gains included in Comprehensive Income not above
-	-	-	-	-	Gross Proceeds included above not in Comprehensive Income
-	-	-	-	-	Financial Asset fair value adjustments included in comprehensive income but not above
-	-	-	-	-	Property revaluation adjustments included in comprehensive income but not above
(1,814)	(1,834)	(1,944)	(1,244)	(200)	Proceeds from Borrowings included above not in comprehensive revenue
1,194	1,234	1,441	1,214	454	Transfers to/(from) special reserves included above not in comprehensive Income
-	-	-	-	-	Infrastructure asset revaluation adjustments included in comprehensive income but not above
(1,728)	(1,756)	(1,785)	(1,799)	(1,811)	Depreciation Expense included in Comprehensive Income not above
2,377	2,470	2,684	2,514	1,801	Total Comprehensive Income per the Statement of Comprehensive Revenue and Expense

Rates Ngā Reiti



Rating funding impact statement

This statement is GST exclusive. It shows total gross expenditure and lists (by rate and income type) the funding derived from each source, for easy reference.

Excluding GST	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Operational Expenditure	35,396	42,647	44,900	45,479	46,856	48,112
Capital Expenditure	2,014	5,190	3,604	5,002	4,148	1,962
Total Gross Expenditure	37,410	47,837	48,504	50,481	51,004	50,074
Funded By:						
Council Services Rate	8,701	6,860	7,632	8,143	8,052	8,563
Land Management Rate	7,006	2,059	2,408	2,693	3,086	2,890
Freshwater Management Rate	-	4,336	4,883	5,151	5,425	5,431
Pest Management Rate	-	4,185	4,527	4,690	5,195	5,444
Flood Infrastructure Rate	-	2,028	2,154	2,220	2,267	2,317
Civil Defence and Hazard Rate	-	1,445	1,604	1,648	1,692	1,739
Targeted Regional Infrastructure Rate	611	611	611	611	611	611
Targeted Regional Recreational Facilities Rate	1,046	1,391	1,385	1,385	1,385	1,385
Other Targeted Rates	3,598	4,255	4,251	4,251	4,271	4,263
Grants and Subsidies	1,909	3,046	2,869	2,869	2,869	2,869
User Charges	4,510	4,310	4,398	4,492	4,588	4,691
Rental Income	2,461	2,575	2,575	2,575	2,580	2,580
Interest Income	3,802	4,423	4,740	4,909	5,018	5,146
Dividend Income	3,210	3,598	3,708	4,096	4,262	4,483
Forestry Income	-	-	1,410	-	-	-
Sundry Income	-	-	-	-	-	-
Cash Reserves from/(to)	555	2,716	(651)	748	(298)	(2,339)
TOTAL FUNDING	37,410	47,837	48,504	50,481	51,004	50,074

Year 6	Year 7	Year 8	Year 9	Year 10	Excluding GST
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
49,555	51,148	53,067	54,670	57,489	Operational Expenditure
2,612	3,254	2,962	2,136	1,187	Capital Expenditure
52,167	54,402	56,030	56,806	58,676	Total Gross Expenditure
					Funded By:
8,572	8,866	9,407	9,456	9,757	Council Services Rate
3,050	3,264	3,432	3,650	3,914	Land Management Rate
5,622	5,851	6,063	6,303	6,580	Freshwater Management Rate
5,691	6,268	6,568	6,882	7,487	Pest Management Rate
2,370	2,426	2,488	2,546	2,614	Flood Infrastructure Rate
1,788	1,841	2,203	2,266	2,339	Civil Defence and Hazard Rate
611	611	611	611	611	Targeted Regional Infrastructure Rate
1,385	1,385	1,385	1,385	1,385	Targeted Regional Recreational Facilities Rate
4,131	4,149	4,169	4,177	4,191	Other Targeted Rates
2,869	2,869	2,869	2,869	2,869	Grants and Subsidies
4,796	4,908	5,028	5,151	5,282	User Charges
2,580	2,580	2,580	2,580	2,580	Rental Income
5,277	5,429	5,585	5,739	5,902	Interest Income
4,705	4,926	5,148	5,369	5,590	Dividend Income
215	-	-	-	-	Forestry Income
-	-	-	-	-	Sundry Income
(1,493)	(971)	(1,507)	(2,177)	(2,425)	Cash Reserves from/(to)
52,167	54,402	56,030	56,806	58,676	TOTAL FUNDING

Types of rates

The amounts of the rates stated include the council's GST obligations.

The council does not accept lump sum contributions in respect of any targeted rate.

Uniform annual general charge

The council does not set a uniform annual general charge.

Targeted region-wide rates

The council sets six rates, which are applied as targeted region-wide rates – the council services rate, land management rate, fresh water management rate, pest management rate, flood infrastructure rate and the civil defence and hazard management rate. Targeted region-wide rates are assessed on all rateable properties in the Northland region.

Council services rate

What it funds

The council uses the council services rate to fund some activities that are carried out under the Resource Management Act 1991, the Local Government Act 2002, the Maritime Transport Act 1994, maritime bylaws and any other activities that are not covered by any other funding source. This rate will fund the costs remaining after appropriate user fees and charges and a share of investment income, where available, have been taken into account.

How it is set

The council services rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of

projected valuation of each constituent district in the Northland region. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and on each rating unit in the Kaipara district. An additional \$1.73 per separately used or inhabited part (SUIP) of a rating unit is to be assessed across the Whangārei constituency to provide \$74,011 to fund the ongoing maintenance of the Hātea River channel.

How much is the rate?

The estimated total council services rate amounts to \$7,888,533 for the 2018/19 financial year.

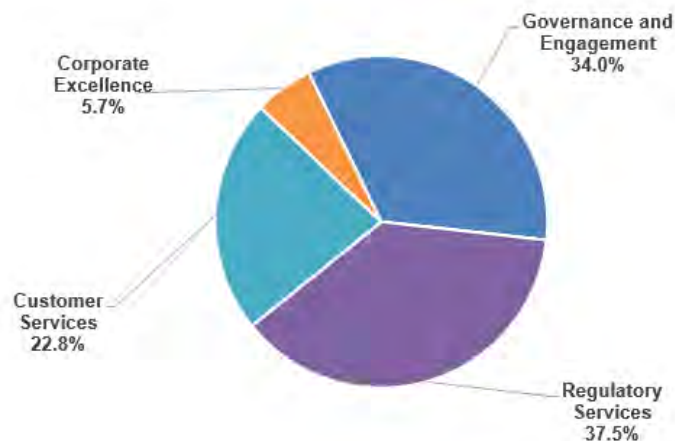
The council services rate payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts of the Northland region, will be set as shown in the following table.

The funding impact statement recognises that a differentiated, fixed amount on each rating unit (property) or SUIP of a rating unit links better to resource management planning, strategic planning, education, public advice, the public good elements of issuing resource consents, regional advocacy and transport planning where the link to land value is very weak.

Council services rate

District	Rate	Rateable unit
Far North	\$73.20	per SUIP
Kaipara	\$94.86	per rating unit
Whangārei	\$91.96	per SUIP

Council services rate allocation to council activities 2018/19



Land management rate

What it funds

This land value based rate is used to fund activities that are carried out under the Soil Conservation and Rivers Control Act 1941 and the Resource Management Act 1991. The land management rate will specifically fund land management activities that have a direct relationship to land. This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available) have been taken into account. The land management rate is assessed across all sectors of the Northland community and recognises that the benefit derived from the funded activities is strongly linked to land values.

How it is set

The land management rate is a targeted rate authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of the land value. The rate per dollar of land value is different for each constituent district because the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act 2002. The council does not apply a differential on this rate.

How much is the rate?

The estimated total land management rate is \$2,367,517 for the 2018/19 financial year. The following table shows the actual and equalised land value for each district, and the rate per \$100,000 of land value for each district based on the equalised land values. If all districts had the same valuation date, each district would have the same rate per \$100,000 of actual land value.

Land management rate

District	Actual land value \$(000)'s	Equalised land value \$(000)'s	Rate per \$100,000 of actual land value
Far North	7,665,515	8,721,190	\$10.67
Kaipara	4,970,934	4,970,934	\$9.32
Whangārei	9,598,306	12,171,551	\$11.79

Freshwater management rate

What it funds

This land value based rate is used to fund activities that are carried out under the Soil Conservation and Rivers Control Act 1941 and the Resource Management Act 1991, and the National Policy Statement for Freshwater Management, including its amendments.

This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available) have been taken into account. The freshwater management rate will specifically fund planning and works to improve freshwater quality. The freshwater management rate is assessed across all sectors of the Northland community and recognises that the benefit derived from the funded activities is strongly linked to land values.

How it is set

The freshwater management rate is a targeted rate authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of the land value. The rate per dollar of land value is different for each constituent district because the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act 2002. The council does not apply a differential on this rate.

How much is the rate?

The estimated total freshwater management rate is \$4,986,615 for the 2018/19 financial year. The following table shows the actual and equalised land value for each district, and the rate per \$100,000 of land value for each district based on the equalised land values. If all districts had the same valuation date, each district would have the same rate per \$100,000 of actual land value.

Freshwater management rate

District	Actual land value \$(000)'s	Equalised land value \$(000)'s	Rate per \$100,000 of actual land value
Far North	7,665,515	8,721,190	\$22.47
Kaipara	4,970,934	4,970,934	\$19.64
Whangārei	9,598,306	12,171,551	\$25.21

Pest management rate

What it funds

The council uses the pest management rate to fund activities that are carried out under the the Biosecurity Act 1993. This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available) have been taken into account. For new activities funded by this rate that relate to the implementation of the Northland Regional Pest Management Plan under the Biosecurity Act 1993, consideration is given to the requirements of Section 100T of the Biosecurity Act. An analysis required under section 100T of the Biosecurity Act 1993 is set out below. This analysis was specifically considered by council at the council meeting in June 2018.

The pest management rate will specifically fund pest plant and pest animal management activities.

How it is set

The pest management rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation of each constituent district in the Northland region. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and on each rating unit in the Kaipara district.

How much is the rate?

The estimated total pest management rate amounts to \$4,812,456 for the 2018/19 financial year.

The pest management rate is payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts of the Northland region, and will be set as shown in the following table. This funding impact statement recognises that a differentiated, fixed amount on each rating unit (property), or SUIP of a rating unit, links better to pest management activities, where the link to land value is very weak.

Pest management rate

District	Rate	Rateable unit
Far North	\$45.08	per SUIP
Kaipara	\$58.42	per rating unit

District	Rate	Rateable unit
Whangārei	\$55.57	per SUIP

Analysis under S100T of the Biosecurity Act

Council carries out its pest management activities in accordance with its proposed Northland Regional Pest and Marine Pathway Management Plan 2017-2027. Section 100T of the Biosecurity Act requires that a regional council must decide the extent to which it funds the implementation of its regional pest and or pathway management plan from a general rate, targeted rate, or a combination of both. The factors that council must have regard to in making this decision, and council's analysis in relation to considering the pest management rate, are set out here.

100T (2)(a) The extent to which the plan relates to the interests of occupiers of the properties on which the rate would be levied:

The Pest Management Rate provides a single, clear region- wide targeted rate for land and freshwater biosecurity activities and for raising funds for pest control throughout Northland.

It is proposed that a targeted Pest Management Rate be collected from all properties within Northland to fund land, freshwater and marine pest control activities. In total \$4.8 million would be collected (GST inclusive).

The Regional Pest Management region wide targeted rate applies to all property owners. In regard to the marine pest activities, the costs will be split in the proportions of 65% to vessel owners and structures by way of a charge on marina berths, boatsheds, commercial ports and mooring owners and 35% funded from a combination of pest management rate, council investments and other council revenue. This is expected to raise \$480k to fund all marine pest activities in the Proposed Northland Regional Pest and Marine Pathway Management Plan 2017-2027.

100T (2)(b) The extent to which the occupiers of the properties on which the rate would be levied will obtain direct or indirect benefits from the implementation of the plan:

Northland ratepayers receive both direct and indirect benefits from the implementation of the Northland Regional Pest and Marine Pathway Management Plan 2017-2027, including protection of native forests and wetland ecosystems found on private land, and supporting communities who are involved in the restoration of iconic fauna such as kiwi, coastal seabirds and kukupa.

Regarding marine pest activities, the charges will provide protection both now and into the future of the Northland marine environment and damaging impacts of marine pests on:

- recreational and commercial fishing;
- marine tourism; and
- indigenous marine biodiversity.

Regarding the Marine Pathway Plan, vessel owners will directly benefit from having cleaner hulls and a reduced risk of marine pest colonisation. Owners of aquaculture farms will also benefit from the reduced spread of biofouling and marine pests.

The extent to which the benefits are direct rather than indirect depends on how ratepayers use and appreciate the marine environment. Direct benefits may accrue to vessel owners, owners of marine structures because of less biofouling and those that harvest kai moana.

The extent to which the benefits can be judged as direct rather than indirect depends on how ratepayers use and appreciate the environmental values which can be impacted upon by pests. Direct benefits may accrue to land owners because of fewer plant pests, marine or animal pests such as possums, stoats and rats, and increases in native biodiversity such as kiwi populations.

100T (2)(c) The collective benefits of the implementation of the plan to the occupiers of the properties on which the rate would be levied compared with the collective costs to them of the rate:

It is considered that the collective benefits of a pest management rate outweigh the costs and project based differentiated targeted rate also means that everyone benefits.

For terrestrial, freshwater and marine pests, only those that have met the requirements for a positive cost benefit analysis have been included in the Northland Pest and Marine Pathway Management Plan 2017-2027.

In regard to the Marine Pathway Plan, the cost benefit analysis shows that there is a high net positive benefit of implementing this plan.

100T (2)(d) for the regional pest management plan, the extent to which the characteristics of the properties on which the rate would be levied and the uses to which they are put contribute to the presence or prevalence of the pest or pests covered by it:

Pests cross property boundaries regardless of tenure and establish on land and in water across Northland and the characteristics of properties that influence the spread of pests is highly complex and variable. A region- wide targeted rate applies a consistent standard across properties and thereby overcoming the complex and variable nature of property characteristics and this approach is therefore considered appropriate and fit for purpose.

The characteristics of properties is not a relevant consideration in respect of the marine pest activities as this activity focuses on reducing the spread of biofouling of vessel hulls.

100T (2)(e) for the regional pathway management plan, the extent to which the characteristics of the properties on which the rate would be levied and the uses to which they are put contribute to the actual or potential risks associated with the pathway:

The characteristics of properties is not a relevant consideration in respect of the marine pathway plan which focus on reducing the spread of biofouling of vessel hulls. Therefore, characteristics of the properties themselves provide no contribution to the actual or potential risks.

Biofouling on vessels pose the greatest risk of marine pest transfer and the costs will be split in the proportions of 65% to vessel owners and structures by way of a charge on marina berths, boat sheds, commercial ports and mooring owners, with the remaining costs of 35% to be funded from a combination of pest management rate, council investments and other council revenue.

Flood infrastructure rate

What it funds

This rate will partially or fully fund the development of flood protection infrastructure in communities across Northland that meet specified criteria as approved by the council (as set out in 'Proposed funding methods' in the 'Infrastructure strategy: Flood protection and control ||Rautaki Hanganga', included in this Long Term Plan 2018-2028). Targeted rates will be used to fund the portion of flood protection infrastructure that is not met by the flood infrastructure rate, and operational river schemes works.

How it is set

The flood infrastructure rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and each rateable rating unit in the Kaipara district.

How much is the rate?

The estimated total Northland flood infrastructure rate amounts to \$2,332,007 for the 2018/19 financial year. The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts is set as \$25.16.

Civil defence and hazard management rate

What it funds

The council uses the civil defence and hazard management rate to fund activities that are carried out under the the Civil Defence Emergency Management Act 2002, Resource Management Act 1991 and Soil Conservation and Rivers Control Act 1941. This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available), have been taken into account.

How it is set

The civil defence and hazard management rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation of each constituent district in the Northland region. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts, and on each rating unit in the Kaipara district.

How much is the rate?

The estimated total civil defence and hazard management rate amounts to \$1,662,203 for the 2018/19 financial year.

The civil defence and hazard management rate payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts of the Northland region, will be set as shown in the following table.

This funding impact statement recognises that a differentiated, fixed amount on each rating unit or SUIP of a rating unit links better to civil defence and hazard management activities where the link to land value is weak.

Civil defence emergency management rate

District	Rate	Rateable unit
Far North	\$15.57	per SUIP
Kaipara	\$20.18	per rating unit
Whangārei	\$19.19	per SUIP

Specific targeted rates

The following specific targeted rates are for 2018/19.

Emergency services rate

What it funds

The council will collect the emergency services rate to provide a funding pool for selected organisations whose primary purpose is to save lives that are in immediate or critical danger, or to respond to serious injury. The funds must be applied to the provision of services in Northland. The fund recipients will be granted funding for a three-year period.

How it is set

The emergency services rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts, and each rateable rating unit in the Kaipara district.

How much is the rate?

The estimated total emergency services rate is \$1,117,992 for the 2018/19 financial year.

The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts is set as \$12.06.

How is the rate applied?

The emergency services rate will be applied to approved recipients.

Regional sporting facilities rate

What it funds

The council will collect the regional sporting facilities rate to contribute funds towards the development of sporting facilities across Northland that are of regional benefit. Potential recipient projects will be determined through ongoing work on the Northland Sports Facilities Plan.

How it is set

The regional sporting facilities rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and each rateable rating unit in the Kaipara district.

How much is the rate?

The estimated total Northland regional sporting facilities rate amounts to \$1,599,118 for the 2018/19 financial year. The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts is set as \$17.25.

How is the rate applied?

This rate is applied to the development of sporting facilities that are of regional benefit.

Regional infrastructure rate

What it funds

The regional infrastructure rate will fund activities relating to the development and/or completion of regional infrastructure projects.

How it is set

The regional infrastructure rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of land value. The rate per dollar of land value is different for each constituent district as the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act. The council does not apply a differential on this rate.

How much is the rate?

The estimated total regional infrastructure rate is \$702,850 for the 2018/19 financial year.

The following table shows the actual and equalised land value for each district, and the rate per \$100,000 of land value for each district, based on the equalised land values. If all districts had the same valuation date, each district would have the same rate per \$100,000 of actual land value.

Regional infrastructure rate

District	Actual land value \$(000)'s	Equalised land value \$(000)'s	Rate per \$100,000 of actual land value
Far North	7,665,515	8,721,190	\$3.17
Kaipara	4,970,934	4,970,934	\$2.77
Whangārei	9,598,306	12,171,551	\$3.55

How is the rate applied?

This rate is applied to the infrastructure facilities reserve.

Whangārei transport rate

What it funds

This rate forms the local contribution required to fund the Whangārei bus passenger transport, the Whangārei Total Mobility service, and provision of other public transport services in the Whangārei District.

How it is set

The Whangārei transport rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each rateable separately used or inhabited part (SUIP) of a rating unit in the Whangārei district.

How much is the rate?

The estimated total Whangārei transport rate is \$1,015,132 for the 2018/19 financial year. The rate will be set at \$23.66 for each rateable separately used or inhabited part (SUIP) of a rating unit in the Whangārei district.

How is the rate applied?

The Whangārei transport rate will be applied to the passenger transport administration activity to subsidise bus passenger transport, provision of the Total Mobility service, and provision of other public transport services in the Whangārei district.

Far North transport rate

What it funds

This rate funds the Far North bus passenger transport service, and the investigation and provision of other public transport services in the Far North district.

How it is set

The Far North transport rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North district.

How much is the rate?

The estimated total Far North district transport rate is \$319,354 for the 2018/19 financial year. The rate will be set at \$8.86 for each rateable separately used or inhabited part (SUIP) in the Far North district.

How is the rate applied?

The Far North district transport rate will be applied to the passenger transport administration activity to subsidise provision of bus passenger transport, and the investigation and provision of other public transport services in the Far North district.

Awanui River management rate

What it funds

This rate funds capital and operational works on the Awanui River flood management scheme.

How it is set

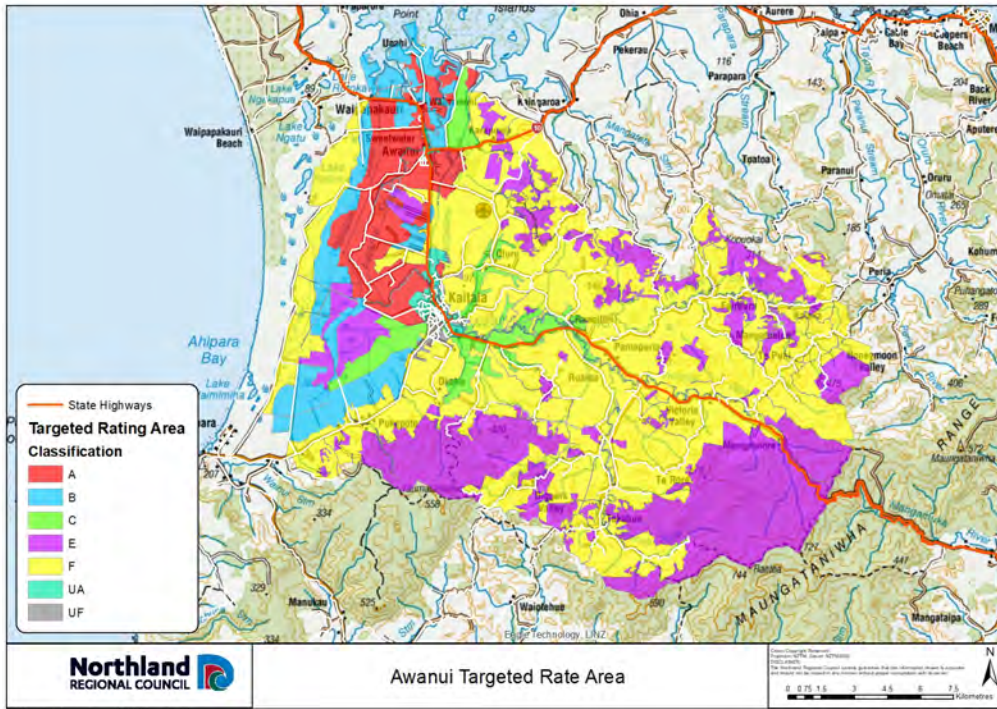
The Awanui River management rate is a targeted rate set under the Local Government (Rating) Act 2002, set differentially by location and area of benefit as illustrated by the following table and maps. The rate is set differentially as follows:

Awanui river management rate

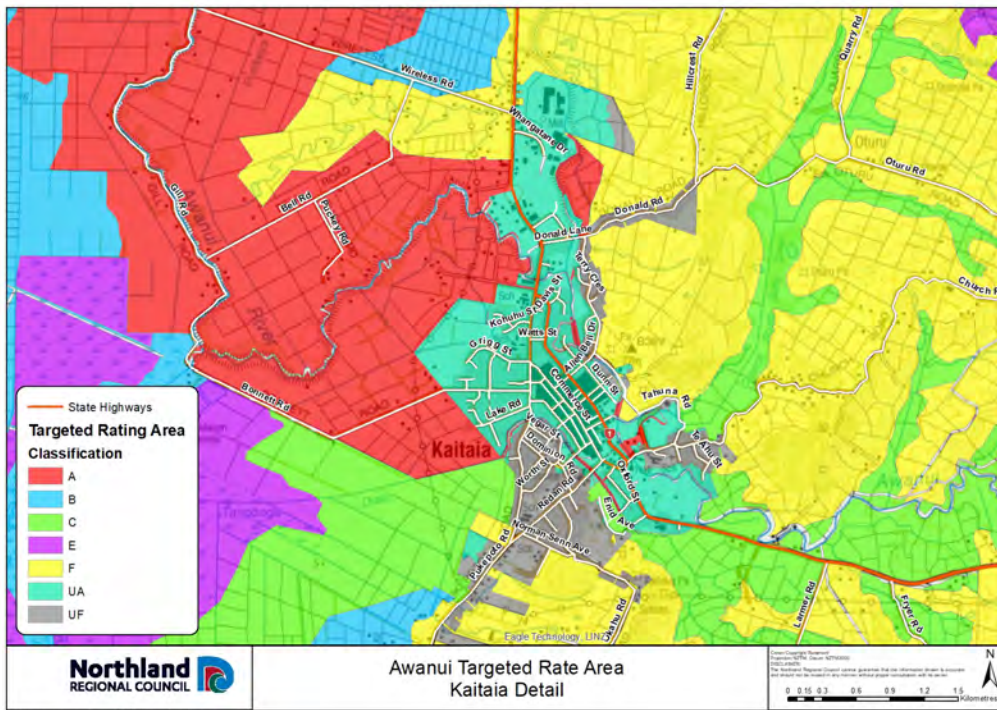
Category	Description	Rate	Rateable unit
1	Urban rate class UA (floodplain location) \$298.11 direct benefit plus \$30.17 indirect benefit per separately used or inhabited part of a rating unit.	\$328.28	Per SUIP
2	Urban rate classes UF (higher ground) \$30.17 direct benefit plus \$30.17 indirect benefit per separately used or inhabited part of a rating unit.	\$60.34	Per SUIP
3	Commercial differential factor applicable to urban rate classes UA and UF, and rural hectare rate classes A & B, C, E and F.	3.0 times the appropriate rate	Urban rate classes UA and UF, and rural hectare rate classes A & B, C, E and F
4	Rural rate differentiated by class, \$13.50 per separately used or inhabited part of a rating unit of indirect benefit, plus a rate per hectare for each of the following classes of land in the defined Kaitāia flood rating district as illustrated in the following maps and table.	\$13.50	Per SUIP

The rating classifications and the rate charged are illustrated in the following maps and table.

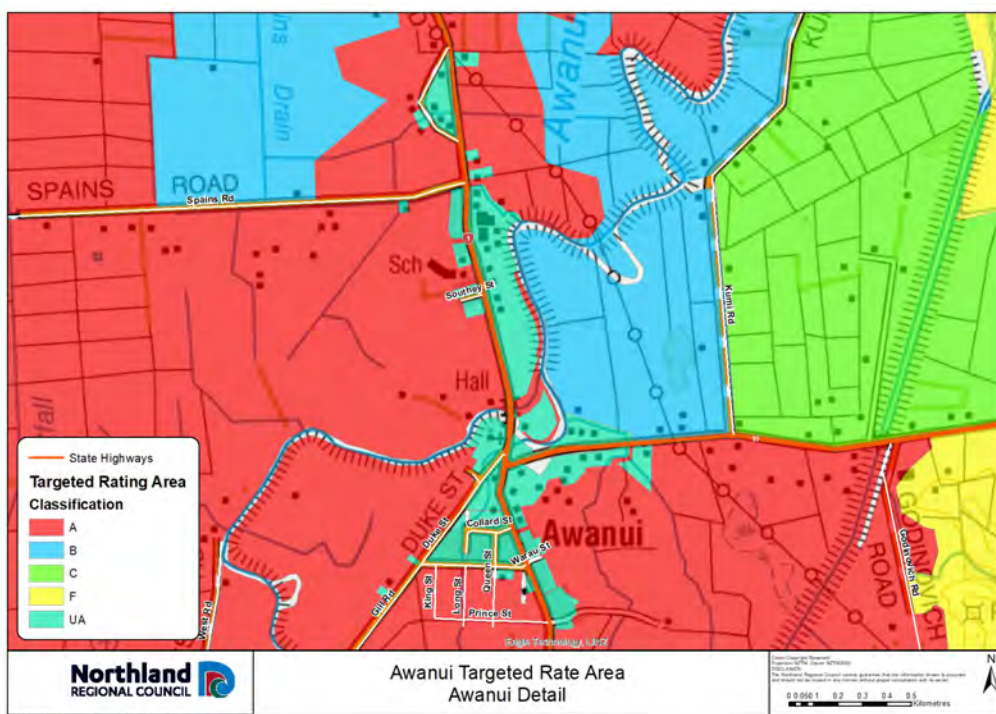
Awanui River scheme targeted rate



Awanui scheme targeted rate - Kataia detail



Awanui River scheme targeted rate - Awanui detail



Awanui river management rate

Class	Description	Rate per hectare
A & B	High benefit; rural land which receives high benefit from the Awanui Scheme works due to reduced river flooding risk and/or reduced duration of flooding and/or reduced coastal flooding.	\$24.43
C	Moderate benefit; land floods less frequently and water clears quickly.	\$11.07
E	Land in flood-ways and ponding areas that receive no benefit and land retained in native bush that provides watershed protection.	-
F	Contributes run-off waters, and increases the need for flood protection.	\$1.22

For more detailed information on rating class boundaries, please refer to the [Awanui Scheme Asset Management Plan](#), which is available on our website.

How much is the rate?

The estimated total Awanui River management rate is \$1,090,347 for the 2018/19 financial year. The revenue sought from each category of rateable land will be as follows:

Class	Rural or urban	Total revenue
A & B	Rural	\$139,082
C	Rural	\$17,898
F	Rural	\$27,756
Indirect benefit	Rural	\$21,467
Urban A	Urban	\$473,866
Urban F	Urban	\$39,697
Commercial differential	Majority urban	\$370,581
Total		\$1,090,347

How is the rate applied?

The rate is applied 100% to Awanui River flood management scheme works, which form part of the river management activity.

Kaihū River management rate

What it funds

This rate funds channel maintenance works on the Kaihū River flood management scheme.

How it is set

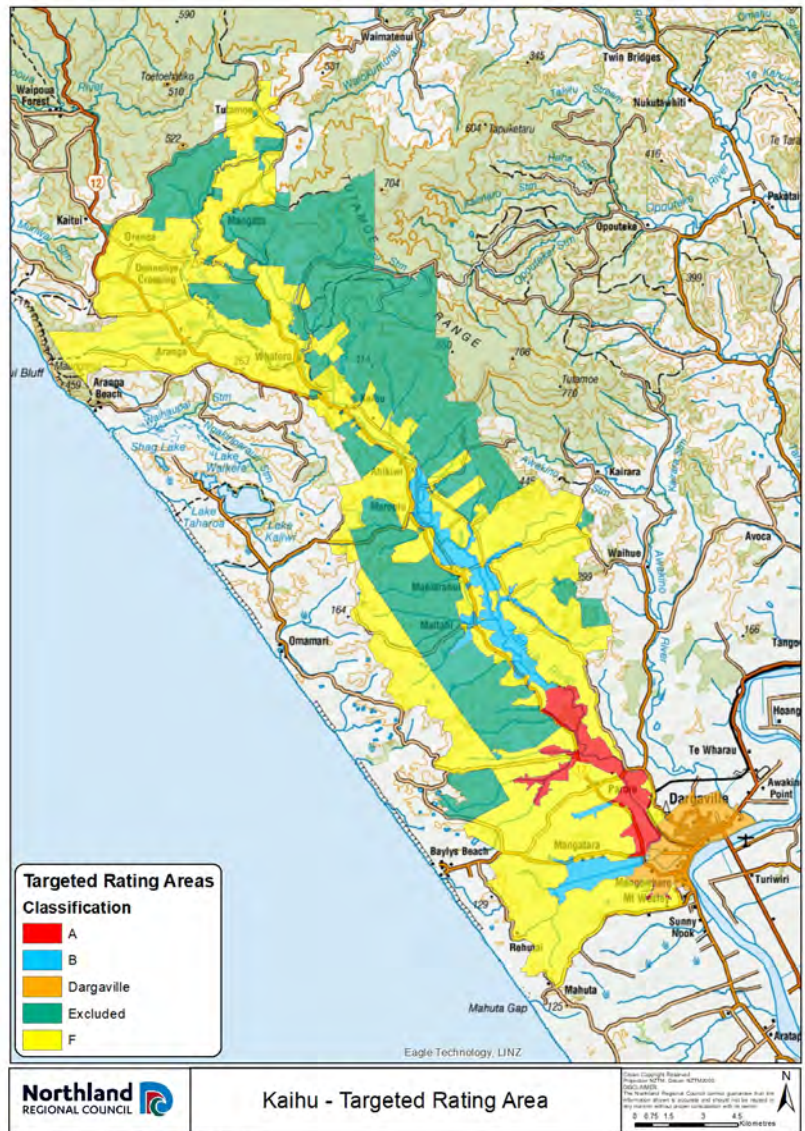
The Kaihū River management rate is a targeted rate set under the Local Government (Rating) Act 2002, set differentially by location and area of benefit as illustrated by this map and the following table.

The council will set the rate differentially as follows:

- Class A – land on the floodplain and side valleys downstream of the Rotu Bottleneck; rate is applied per hectare of land.
- Class B – land on the floodplain and tributary side valleys between Ahikiwi and the Rotu Bottleneck and in the Mangatara Drain catchment upstream of SH12; rate is applied per hectare of land.
- Class F (Catchment rate) – balance of land within the Kaihū River rating area not falling within class A and class B; rate is applied per hectare of land.
- Urban contribution – a contribution from Kaipara District Council instead of a separate rate per property.

The rating classifications and the rate charged are illustrated as follows:

Kaihū River targeted rate area



Kaihū river management rate

Class	Description	Rate per hectare
A	Land on the floodplain and side valleys downstream of the Rotu Bottleneck.	\$21.22
B	Land on the floodplain and tributary side valleys between Ahikiwi and the Rotu Bottleneck and in the Mangatara Drain catchment upstream of SH12.	\$11.68
F	Balance of rateable land within the Kaihū River rating area.	\$1.65
	Urban contribution	Per annum
	A contribution from Kaipara District Council instead of a separate rate per property.	\$5015

How much is the rate?

The estimated total Kaihū River management rate is \$79,869 in the 2018/19 financial year. The revenue sought from each category of rateable land will be as follows:

Kaihū river management rate

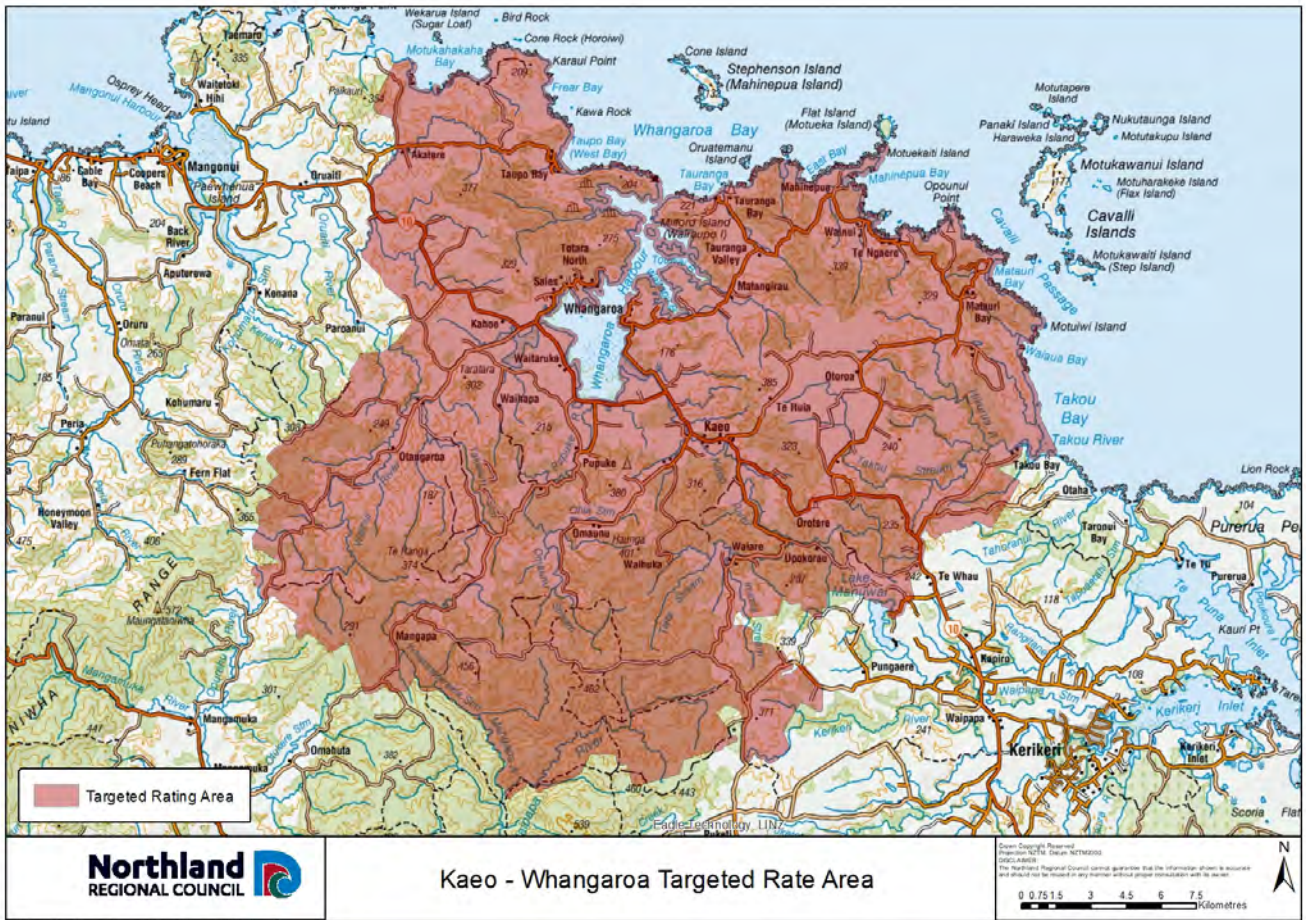
Class	Total revenue
A	\$28,510
B	\$14,480
F	\$31,864
Urban contribution	\$5015
Total	\$79,869

How is the rate applied?

The rate is applied 100% to Kaihū River flood management scheme works, which form part of the river management activity.

Kāeo-Whangaroa rivers management rate

Kāeo-Whangaroa River targeted rate area



What it funds

This rate funds operational and capital flood scheme works in Kāeo and Tauranga Bay, and minor river maintenance works to clear flood debris and gravel from streams from Taupō Bay to Te Ngairē.

How it is set

The Kāeo-Whangaroa rivers management rate is a targeted rate set under the Local Government (Rating) Act 2002, set on a uniform basis in respect of each rateable separately used or inhabited part (SUIP) of a rating unit falling within the former Whangaroa ward rating rolls of 100-199, as illustrated in this map.

How much is the rate?

The estimated total Kāeo-Whangaroa rivers management rate is \$116,645 in the 2018/19 financial year. The rate is set at \$53.86 and will be assessed on each rateable separately used or inhabited part (SUIP) of a rating unit falling between rating rolls 100-199 of the former Whangaroa ward as illustrated in this map.

How is the rate applied?

The rate is applied 100% to Kāeo-Whangaroa rivers flood management scheme works which form part of the river management activity.

Whangārei urban rivers management rate

What it funds

This rate funds the operational costs and capital costs of flood scheme works for urban Whangārei.

How it is set

The Whangārei urban rivers management rate is a targeted rate set under the Local Government (Rating) Act 2002, and assessed on all rateable properties defined by reference to the differential categories, and differentiated by location (see map on following page), and, for some categories, land use. It is set as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit, as follows:

Whangārei urban rivers management rate

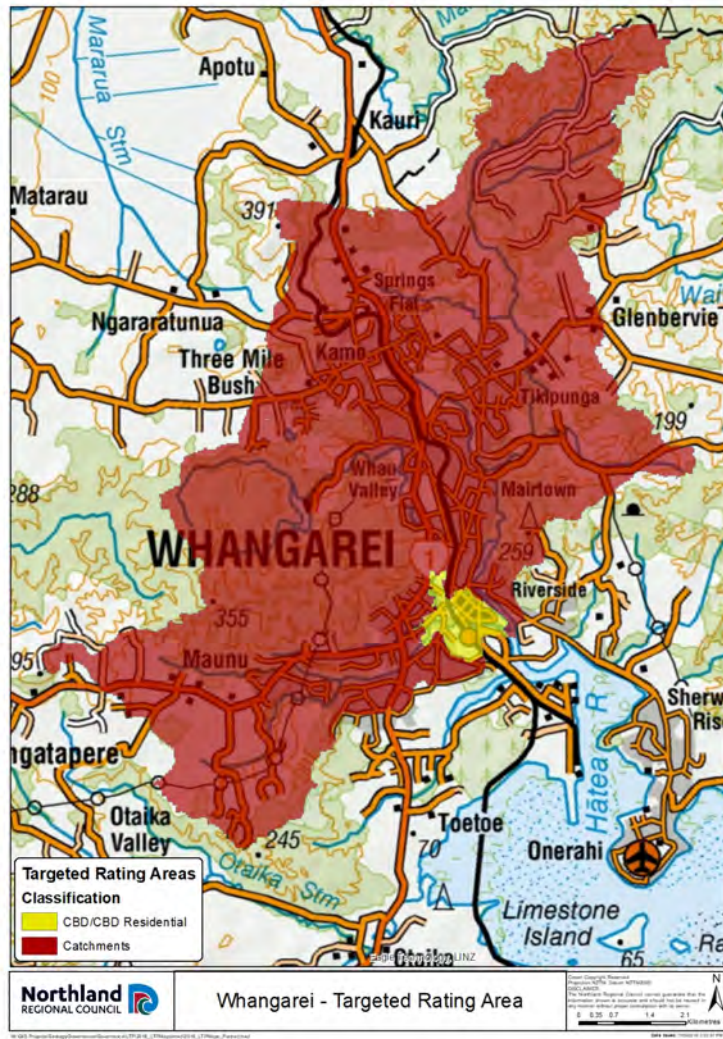
Category	Description	Rate	Rateable unit
1	Commercial properties in the Whangārei CBD flood area.	\$350.61	Per SUIP
2	Residential properties in the Whangārei CBD flood area.	\$136.40	Per SUIP
3	Properties in the contributing water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea River catchments).	\$44.29	Per SUIP

The differential recognises the different categories of beneficiaries to the scheme and the properties that contribute to flooding in the Whangārei CBD. Properties in the contributing water catchment area contribute run-off from rainfall to the CBD which exacerbates and contributes to flooding, and these properties also receive a wider benefit from reduced flooding of the Whangārei CBD. The commercial and residential properties in the Whangārei CBD flood area are the primary beneficiaries due to reduced flood risk. Commercial properties benefit more significantly than residential properties due to improved business continuity from reduced flooding.

Residential properties in the Whangārei central business district (CBD) flood area are defined as all rating units which are used principally for residential or lifestyle residential purposes, including retirement villages, flats etc. Residential properties also include multi-unit properties, these being all separate rating units used principally for residential purposes, and on which is situated multi-unit type residential accommodation that is used principally for temporary or permanent residential accommodation and for financial reward, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs and hostels, but excluding any properties that are licensed under the Sale and Supply of Alcohol Act 2012.

Commercial properties in the Whangārei CBD flood area are all separate rating units used principally for commercial, industrial or related purposes or zoned for commercial, industrial or related purposes in accordance with the Whangārei district plan. For the avoidance of doubt, this category includes properties licensed under the Sale and Supply of Alcohol 2012; and private hospitals and private medical centres.

Whangārei urban rivers management rate area map



How much is the rate?

The estimated total Whangārei urban rivers management rate is \$1,154,266 in the 2018/19 financial year. The revenue sought from each category is as follows:

Whangārei urban rivers management rate

Category	Description	Total revenue
1	All commercial properties in the Whangārei CBD flood area.	\$358,674
2	All residential properties in the Whangārei CBD flood area.	\$22,642
3	All properties in the contributing water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea River catchments).	\$772,949
Total		\$1,154,266

How is the rate applied?

The rate is applied 100% to Whangārei urban rivers flood scheme works, which form part of the river management activity.

Further rating information

Each of Northland's three district councils is appointed as a collector for the Northland Regional Council in terms of section 53 of the Local Government (Rating) Act 2002. This means that district councils issue rates assessments and invoices for the Northland Regional Council's rates. They also collect the rates.

Northland Regional Council has adopted policies regarding remission of rates and penalties, postponement of rates, and early payment of rates. The council remits rates and penalties, postpones payment of rates, applied charges for postponement of rates, and applies discounts for early payment of rates in accordance with these policies. It also resolves that penalties will be added to unpaid rates. The district councils record these transactions on the rating information database and rates records which they maintain on behalf of the Northland Regional Council.

Separately used or inhabited part of a rating unit definitions

Northland Regional Council has adopted the same definitions as the Far North and Whangārei district councils to determine a separately used or inhabited part of a rating unit (SUIP) as follows:

Far North district SUIP definition

Where rates are calculated on each separately used or inhabited part of a rating unit, the following definitions will apply:

- Any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement;
- Any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

The following are considered to be separately used parts of a rating unit:

- Individual flats or apartments;
- Separately leased commercial areas which are leased on a rating unit basis;
- Vacant rating units;
- Single rating units which contain multiple uses such as a shop with a dwelling; and
- A residential building or part of a residential building that is used, or can be used, as an independent residence. An independent residence is defined as having a separate entrance, separate cooking facilities, for example, cooking stove, range, kitchen sink etc. together with living and toilet/bathroom facilities.

The following are not considered to be separately used or inhabited parts of a rating unit:

- A residential sleep-out or granny flat that does not meet the definition of an independent residence;
- A hotel room with or without kitchen facilities;
- A motel room with or without kitchen facilities; and
- Individual offices or premises of business partners.

Whangarei district SUIP definition

A separately used or inhabited part is defined:

- Any part of a property (rating unit) that is used or intended to be used, or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, license, or other agreement.
- Any part or parts of a rating unit that is used, or occupied by the ratepayer for more than one single use.

Examples include:

- Each separate shop or business activity on a rating unit;
- Each occupied or intended to be occupied dwelling, flat, or additional rentable unit (attached or not attached) on a rating unit;
- Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land on a rating unit;
- Each block of land for which a separate title has been issued, even if that land is vacant.

Postponement charges for postponed rates in the Far North district

Pursuant to the Local Government (Rating) 2002 Act, council will charge a postponement fee on all rates that are postponed under any of its postponement policies. The postponement fees are as follows:

- Application Fee: \$50;
- Administration Fee: \$50 per annum (pa);
- Financing Fee on all postponements: Currently set at 4.75% pa but may vary to match Council's average cost of funds.

At Council's discretion all these fees may be added to the total postponement balance.

Postponement charges for postponed rates in the Whangārei district

Pursuant to the Local Government (Rating) 2002 Act, council will charge a postponement fee on some rates postponements, as per its postponement policies. The application form will state the details of this charge.

Equalisation of rates

Until recently, each district in Northland was independently revalued by Quotable Value (over a three-yearly cycle, one district per year). Whangarei District now uses Opteon for its valuations. To ensure that property valuations in the remaining two districts are current, a registered valuer also provides the regional council with "an estimate of projected value" of property values in those districts (as provided for in Section 131 of the Local Government (Rating) Act 2002). The council services rate, pest management rate, and the civil defence and hazard management rate are set by reference to the projected capital value of each district. The land management rate, freshwater management rate and regional infrastructure rate are set according to projected land values in each district – for these three rates, remember that if all the districts had the same valuation date, then each district would have the same rate per dollar of actual land value.

Inspection and objection to council's rating information database

The rating information database for each district is available at the relevant district council and the Northland Regional Council. The rating information database for each district can also be found on each district council website. The website addresses are:

www.fndc.govt.nz

www.wdc.govt.nz

www.kaipara.govt.nz

Ratepayers have the right to inspect rating information database records and can object on the grounds set out in the Local Government (Rating) Act 2002.

Summary table of rates

The following table illustrates the distribution of the regional rate on the forecast basis for the 2018/19 financial year, with the actual 2017/18 regional rate for comparison. The actual and projected apportionment of rates among Northland's districts is as follows, based on the Valuation Roll as at 30 June in each year:

District Valuation Roll

Estimate 30 June 2018

	Gross number of rating units (Kaipara) or SUIP (others)	Net number of rating units (Kaipara) or SUIP (others)	Capital Value (CV) \$(000)	Land Value (LV) \$(000)	Equalised CV \$(000)	Equalised LV \$(000)	Equalised CV %	Equalised LV %
Far North District	37,642	36,045	15,070,542	7,665,515	17,308,310	8,721,190	33.76%	33.72%
Kaipara District	15,266	13,753	8,558,328	4,970,934	8,558,328	4,970,934	16.69%	19.22%
Whangārei District	44,008	42,905	19,837,746	9,598,306	25,397,371	12,171,551	49.54%	47.06%
Total valuation - Northland	96,916	92,703	43,466,615	22,234,755	51,264,009	25,863,675	100.00%	100.00%

	Budgeted rates for 2018/19 (Including GST)					Actual rates for 2017/18 (Including GST)				
	Far North District	Kaipara District	Whangārei District	Total \$ (gross)	Total \$ (net)	Far North District	Kaipara District	Whangārei District	Total \$ (gross)	Total \$ (net)
Targeted council services rate										
Rate per SUIP	73.20			2,755,322	2,638,424	91.92			3,437,399	3,322,229
Rate per RU		94.86		1,448,127	1,304,604		122.90		1,841,361	1,656,881
Rate per SUIP			91.96	4,046,936	3,945,505			117.66	5,152,324	5,027,369
				8,250,385	7,888,533				10,431,084	10,006,479
Targeted land management rate										
Rate per \$ of Actual LV	0.0001067			817,910	798,392	0.0003612			2,795,766	2,761,198
Rate per \$ of Actual LV		0.0000932		463,291	454,803		0.0004300		1,586,639	1,558,646
Rate per \$ of Actual LV			0.0001197	1,148,917	1,114,323			0.0004016	3,780,066	3,737,534
				2,430,119	2,367,517				8,162,471	8,057,377
Targeted freshwater management rate										
Rate per \$ of Actual LV	0.0002247			1,722,441	1,681,336	-			-	-
Rate per \$ of Actual LV		0.0001964		976,291	958,404		-		-	-
Rate per \$ of Actual LV			0.0002521	2,419,733	2,346,875			-	-	-
				5,118,466	4,986,615				-	-
Targeted pest management rate										
Rate per SUIP	45.08			1,696,824	1,624,833	-			-	-
Rate per RU		58.42		891,807	803,421		-		-	-
Rate per SUIP			55.57	2,445,494	2,384,201			-	-	-
				5,034,125	4,812,456				-	-

	Budgeted rates for 2018/19 (Including GST)					Actual rates for 2017/18 (Including GST)				
	Far North District	Kaipara District	Whangārei District	Total \$ (gross)	Total \$ (net)	Far North District	Kaipara District	Whangārei District	Total \$ (gross)	Total \$ (net)
Targeted flood infrastructure rate										
Rate per SUIP	25.16			946,903	906,729	-			-	-
Rate per RU		25.16		384,029	345,968		-		-	-
Rate per SUIP			25.16	1,107,057	1,079,310			-	-	-
				2,437,988	2,332,007				-	-
Targeted civil defence and hazard management rate										
Rate per SUIP	15.57			586,076	561,211	-			-	-
Rate per RU		20.18		308,027	277,498		-		-	-
Rate per SUIP			19.19	844,664	823,494			-	-	-
				1,738,767	1,662,203				-	-
Targeted regional recreational facilities rate										
Rate per SUIP	-			-	-	4.57			170,907	165,180
Rate per RU		-		-	-		4.57		68,468	61,608
Rate per SUIP			-	-	-			22.85	1,000,601	976,335
				-	-				1,239,976	1,203,123
Targeted regional sporting facilities rate										
Rate per SUIP	17.25			649,316	621,768	-			-	-
Rate per RU		17.25		263,339	237,239		-		-	-
Rate per SUIP			17.25	759,138	740,111			-	-	-
				1,671,792	1,599,118				-	-
Targeted regional infrastructure rate										
Rate per \$ of Actual LV	0.0000317			242,997	237,198	0.0000315			243,817	240,797
Rate per \$ of Actual LV		0.0000277		137,695	135,172		0.0000375		138,370	135,930
Rate per \$ of Actual LV			0.0000355	340,740	330,480			0.0000350	329,438	325,721
				721,432	702,850				711,625	702,448
Targeted emergency services rate										
Rate per SUIP	12.06			453,956	434,697	11.76			439,795	425,059
Rate per RU		12.06		184,108	165,861		11.76		176,188	158,537
Rate per SUIP			12.06	530,736	517,434			11.76	514,970	502,481
				1,168,801	1,117,992				1,130,953	1,086,077
Targeted Whangārei transport rate										
Rate per SUIP			23.66	1,041,229	1,015,132			13.90	608,681	593,919
Whangārei Heads pest management rate										
Rate per SUIP				-	-			50.00	108,900	107,350
Kaitaia transport rate										

	Budgeted rates for 2018/19 (Including GST)					Actual rates for 2017/18 (Including GST)				
	Far North District	Kaipara District	Whangārei District	Total \$ (gross)	Total \$ (net)	Far North District	Kaipara District	Whangārei District	Total \$ (gross)	Total \$ (net)
Rate per SUIP (Kaitaia Only)				-	-	15.69			96,007	94,124
Mid North transport rate										
Far North District				-	-				292,779	288,630
Targeted Far North transport rate										
Far North District	8.86			333,504	319,354				-	-
Targeted Awanui River management rate										
Far North District - Rural				210,440	207,964				130,866	130,267
Far North District - Urban				891,075	882,383				554,035	552,718
				1,101,515	1,090,347				684,902	682,985
Targeted Kaihū River management rate										
Kaipara District (Kaihu river area only)				79,869	79,869				79,869	79,869
Targeted Kaeo-Whangaroa rivers management rate										
Far North (Kaeo only)	53.86			127,944	116,644	53.66			127,630	119,635
Targeted Whangārei urban rivers management rate										
Rates per SUIP				1,159,654	1,154,266			-	1,090,679	1,084,786
Total rates										
				\$ (gross)	\$ (net)				\$ (gross)	\$ (net)
Far North District				11,434,710	11,030,933				8,289,886	8,099,837
Kaipara District				5,136,582	4,762,839				3,890,894	3,651,470
Whangārei District				15,844,299	15,451,132				12,585,660	12,355,496
Total rates				32,415,591	31,244,904				24,766,440	24,106,803

For more details on the different types of rates, see 'Types of rates'.

How much will my rates be?

Presented on the next pages are some example rates for properties in each of Northland's three districts. The tables show the total rates that would apply to different groups of ratepayers under this Long Term Plan.

Note that the rates detailed in this plan are worked out using estimated land or capital values (where applicable) – actual rates will be set using district valuation rolls as at 30 June 2018, so they may differ slightly.

Ratepayers in the Far North District

Far North district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit; and
10. A targeted, fixed Far North transport rate assessed on each separately used or inhabited part of the rating unit.

Far North			
Freshwater Management Rate = LV rate in the \$ = 0.0002247	Land value (LV)	2018/19	2017/18
Land Management Rate = LV rate in the \$ = 0.0001067		Rates GST Inclusive	
Regional Infrastructure Rate = LV rate in the \$ = 0.0000317			
Residential/Commercial/Other			
Targeted council services rate		\$73.20	\$91.92
Targeted land management rate	\$225,000	\$24.01	\$81.27
Targeted freshwater management rate		\$50.56	-
Targeted pest management rate		\$45.08	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$15.57	-

Far North			
Freshwater Management Rate = LV rate in the \$ = 0.0002247	Land value (LV)	2018/19	2017/18
Land Management Rate = LV rate in the \$ = 0.0001067		Rates GST Inclusive	
Regional Infrastructure Rate = LV rate in the \$ = 0.0000317			
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$7.13	\$7.09
Targeted emergency services rate		\$12.06	\$11.76
Targeted Far North transport rate		\$8.86	-
Total regional rates		\$278.89	\$196.61
<i>Note: Excludes the 2017/18 Kaitāia transport rate and 2017/18 Mid North transport rate</i>			
Farm Property			
Targeted council services rate		\$73.20	\$91.92
Targeted land management rate	\$2,750,000	\$293.42	\$993.30
Targeted freshwater management rate		\$617.92	-
Targeted pest management rate		\$45.08	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$15.57	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$87.18	\$86.63
Targeted emergency services rate		\$12.06	\$11.76
Targeted Far North transport rate		\$8.86	-
Total regional rates		\$1,195.70	\$1,188.18
<i>Note: Excludes the 2017/18 Kaitāia transport rate and 2017/18 Mid North transport rate</i>			

Far North district ratepayers in the Awanui River management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit;
10. A targeted, fixed Far North transport rate assessed on each separately used or inhabited part of the rating unit; and
11. A targeted Awanui River management rate, classes UA/UF, A, B, C, E and F differentiated by location and area of benefit as defined in the Awanui river flood management scheme.

Far North - Awanui Catchment			
Freshwater Management Rate = LV rate in the \$ = 0.0002247	Land value (LV)	2018/19	2017/18
Land Management Rate = LV rate in the \$ = 0.0001067		Rates GST Inclusive	
Regional Infrastructure Rate = LV rate in the \$ = 0.0000317			
Lifestyle property - 10 hectares			
Targeted council services rate		\$73.20	\$91.92
Targeted land management rate	\$450,000	\$48.02	\$162.54
Targeted freshwater management rate		\$101.12	-
Targeted pest management rate		\$45.08	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$15.57	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$14.26	\$14.18
Targeted emergency services rate		\$12.06	\$11.76
Targeted Far North transport rate		\$8.86	-
<i>Plus Awanui river management rates applicable to:</i>			

Far North - Awanui Catchment			
Freshwater Management Rate = LV rate in the \$ = 0.0002247	Land value (LV)	2018/19	2017/18
Land Management Rate = LV rate in the \$ = 0.0001067		Rates GST Inclusive	
Regional Infrastructure Rate = LV rate in the \$ = 0.0000317			
Rural Commercial A & B		\$746.52	\$467.72
Rural Class A & B		\$257.84	\$161.52
Rural Class C		\$124.21	\$77.72
Rural Class E		\$13.50	\$8.42
Rural Class F		\$25.69	\$17.62
<i>Note: Excludes the 2017/18 Kaitāia transport rate</i>			
Farm property - 100 hectares			
Targeted council services rate		\$73.20	\$91.92
Targeted land management rate	\$2,750,000	\$293.42	\$993.30
Targeted freshwater management rate		\$617.92	-
Targeted pest management rate		\$45.08	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$15.57	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$87.18	\$86.63
Targeted emergency services rate		\$12.06	\$11.76
Targeted Far North transport rate		\$8.86	-
Plus Awanui river management rates applicable to:			
Rural Commercial A & B		¹ Refer Below	¹ Refer Below
Rural Class A & B		\$2,456.90	\$1,539.42
Rural Class C		\$1,120.59	\$701.42
Rural Class E		\$13.50	\$8.42
Rural Class F		\$135.40	\$100.42
<i>Note: Excludes the 2017/18 Kaitāia transport rate</i>			

1. Commercial properties for the Awanui River management rate are subject to the 3:1 commercial differential: On \$328.28 for urban commercial class UA; \$984.83 for urban commercial class UF; \$27.68 per hectare for rural commercial A/B, \$33.21 per hectare for rural commercial C; and \$3.66 per hectare for rural commercial F. The rural rate also includes a single rate of \$13.50 to reflect the indirect benefit. Note that commercial and industrial activities in rural zones that have a lower area and land value will be rated less than the illustrated differentials above - refer to rating factors previously set out (and multiply by the differential factor of 3).

Far North district ratepayers in the Kāeo-Whangaroa rivers management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit;
10. A targeted, fixed Far North transport rate assessed on each separately used or inhabited part of the rating unit; and
11. A targeted Kāeo-Whangaroa rivers management rate set on a uniform basis in respect of each separately used or inhabited part of a rating unit for properties falling within the former Whangaroa ward (rating rolls 100-199).

Far North - Kāeo -Whangaroa			
Freshwater Management Rate = LV rate in the \$ = 0.0002247	Land value (LV)	2018/19	2017/18
Land Management Rate = LV rate in the \$ = 0.0001067		Rates GST Inclusive	
Regional Infrastructure Rate = LV rate in the \$ = 0.0000317			
Residential/Commercial/Other			
Targeted council services rate		\$73.20	\$91.92
Targeted land management rate	\$225,000	\$24.01	\$81.27
Targeted freshwater management rate		\$50.56	-
Targeted pest management rate		\$45.08	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$15.57	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$7.13	\$7.09
Targeted emergency services rate		\$12.06	\$11.76
Targeted Far North transport rate		\$8.86	-

Far North - Kāeo -Whangaroa			
Freshwater Management Rate = LV rate in the \$ = 0.0002247	Land value (LV)	2018/19	2017/18
Land Management Rate = LV rate in the \$ = 0.0001067		Rates GST Inclusive	
Regional Infrastructure Rate = LV rate in the \$ = 0.0000317			
Targeted Kāeo-Whangaroa rivers management rate		\$53.86	\$53.66
Total regional rates		\$332.75	\$250.27
Farm Property			
Targeted council services rate		\$73.20	\$91.92
Targeted land management rate	\$2,750,000	\$293.42	\$993.30
Targeted freshwater management rate		\$617.92	-
Targeted pest management rate		\$45.08	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$15.57	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$87.18	\$86.63
Targeted emergency services rate		\$12.06	\$11.76
Targeted Far North transport rate		\$8.86	-
Targeted Kāeo-Whangaroa rivers management rate		\$53.86	\$53.66
Total regional rates		\$1,249.56	\$1,241.84

Ratepayers in the Kaipara district

Kaipara district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each rating unit;
8. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each rating unit; and
10. A targeted Kaihū River management rate, based on land area, and differentiated by location and area of benefit as defined in the Kaihū River management scheme.

Kaipara urban/rural			
Freshwater Management Rate = LV rate in the \$ = 0.0001964	Land value (LV)	2018/19	2017/18
Land and Biodiversity Rate = LV rate in the \$ = 0.0000932		Rates GST Inclusive	
Infrastructure Rate = LV rate in the \$ = 0.0000277			
Residential property			
Targeted council services rate		\$94.86	\$122.90
Targeted land management rate	\$225,000	\$20.97	\$96.75
Targeted freshwater management rate		\$44.19	-
Targeted pest management rate		\$58.42	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$20.18	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$6.23	\$8.44
Targeted emergency services rate		\$12.06	\$11.76
Total regional rates		\$299.32	\$244.42
Farm property			
Targeted council services rate		\$94.86	\$122.90

Kaipara urban/rural			
Freshwater Management Rate = LV rate in the \$ = 0.0001964	Land value (LV)	2018/19	2017/18
Land and Biodiversity Rate = LV rate in the \$ = 0.0000932		Rates GST Inclusive	
Infrastructure Rate = LV rate in the \$ = 0.0000277			
Targeted land management rate	\$2,750,000	\$256.30	\$1,182.50
Targeted freshwater management rate		\$540.10	-
Targeted pest management rate		\$58.42	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$20.18	-
Targeted regional recreational facilities rate		-	\$4.57
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$76.18	\$103.13
Targeted emergency services rate		\$12.06	\$11.76
Total regional rates		\$1,100.50	\$1,424.86

Additional for properties in the Kaihu River catchment			
	Class	2018/19	2017/18
		Rates GST Inclusive	
10 hectares			
	Class A	\$212.20	\$212.20
	Class B	\$116.80	\$116.80
	Class F	\$16.50	\$16.50
100 hectares			
	Class A	\$2,122.00	\$2,122.00
	Class B	\$1,168.00	\$1,168.00
	Class F	\$165.00	\$165.00

Ratepayers in the Whangārei district

Whangārei district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June, with an additional charge of \$1.73 per separately used or inhabited part of a rating unit to fund the maintenance of the Hātea Channel;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate, assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit;
10. A targeted, fixed Whangārei transport rate assessed on each separately used or inhabited part of the rating unit; and
11. A targeted, Whangārei urban rivers management rate differentiated by location and category and set as a fixed amount per each separately used or inhabited part of a rating unit.

Whangārei Urban/Rural/Other	Land value (LV)	2018/19	2017/18
Freshwater Management Rate = LV rate in the \$ = 0.0002521		Rates GST Inclusive	
Land and Biodiversity Rate = LV rate in the \$ = 0.0001197			
Infrastructure Rate = LV rate in the \$ = 0.0000355			
Residential Property (non CBD)			
Targeted council services rate		\$91.96	\$117.66
Targeted land management rate	\$225,000	\$26.93	\$90.36
Targeted freshwater management rate		\$56.72	-
Targeted pest management rate		\$55.57	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$19.19	-
Targeted regional recreational facilities rate		-	\$22.85
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$7.99	\$7.88
Targeted Whangārei transport rate		\$23.66	\$13.90

Whangārei Urban/Rural/Other	Land value (LV)	2018/19	2017/18
Freshwater Management Rate = LV rate in the \$ = 0.0002521		Rates GST Inclusive	
Land and Biodiversity Rate = LV rate in the \$ = 0.0001197			
Infrastructure Rate = LV rate in the \$ = 0.0000355			
Targeted emergency services rate		\$12.06	\$11.76
Total regional rates		\$336.49	\$264.41
Residential Property in CBD area			
Targeted council services rate		\$91.96	\$117.66
Targeted land management rate	\$225,000	\$26.93	\$90.36
Targeted freshwater management rate		\$56.72	-
Targeted pest management rate		\$55.57	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$19.19	-
Targeted regional recreational facilities rate		\$0.00	\$22.85
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$7.99	\$7.88
Targeted Whangārei transport rate		\$23.66	\$13.90
Targeted emergency services rate		\$12.06	\$11.76
Whangārei urban rivers management rate - CBD residential		\$136.40	\$125.17
Total regional rates		\$472.89	\$389.58
Residential property in stormwater catchment area			
Targeted council services rate		\$91.96	\$117.66
Targeted land management rate	\$225,000	\$26.93	\$90.36
Targeted freshwater management rate		\$56.72	-
Targeted pest management rate		\$55.57	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$19.19	-
Targeted regional recreational facilities rate		-	\$22.85
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$7.99	\$7.88
Targeted Whangārei transport rate		\$23.66	\$13.90
Targeted emergency services rate		\$12.06	\$11.76
Whangārei urban rivers management rate - general catchment		\$44.29	\$41.88
Total regional rates		\$380.78	\$306.29

Whangārei Urban/Rural/Other	Land value (LV)	2018/19	2017/18
Freshwater Management Rate = LV rate in the \$ = 0.0002521		Rates GST Inclusive	
Land and Biodiversity Rate = LV rate in the \$ = 0.0001197			
Infrastructure Rate = LV rate in the \$ = 0.0000355			
Farm property			
Targeted council services rate		\$91.96	\$117.66
Targeted land management rate	\$2,750,000	\$329.18	\$1,104.40
Targeted freshwater management rate		\$693.28	-
Targeted pest management rate		\$55.57	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$19.19	-
Targeted regional recreational facilities rate		-	\$22.85
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$97.62	\$96.25
Targeted Whangārei transport rate		\$23.66	\$13.90
Targeted emergency services rate		\$12.06	\$11.76
Total regional rates		\$1,364.94	\$1,366.82
Commercial property (non CBD)			
Targeted council services rate		\$91.96	\$117.66
Targeted land management rate	\$2,000,000	\$239.40	\$803.20
Targeted freshwater management rate		\$504.20	-
Targeted pest management rate		\$55.57	-
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$19.19	-
Targeted regional recreational facilities rate		-	\$22.85
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$71.00	\$70.00
Targeted Whangārei transport rate		\$23.66	\$13.90
Targeted emergency services rate		\$12.06	\$11.76
Total regional rates		\$1,059.45	\$1,039.37
Commercial property in CBD area			
Targeted council services rate		\$91.96	\$117.66
Targeted land management rate	\$2,000,000	\$239.40	\$803.20
Targeted freshwater management rate		\$504.20	-
Targeted pest management rate		\$55.57	-

Whangārei Urban/Rural/Other	Land value (LV)	2018/19	2017/18
Freshwater Management Rate = LV rate in the \$ = 0.0002521		Rates GST Inclusive	
Land and Biodiversity Rate = LV rate in the \$ = 0.0001197			
Infrastructure Rate = LV rate in the \$ = 0.0000355			
Targeted flood infrastructure rate		\$25.16	-
Targeted civil defence and hazard management rate		\$19.19	-
Targeted regional recreational facilities rate		-	\$22.85
Targeted regional sporting facilities rate		\$17.25	-
Targeted regional infrastructure rate		\$71.00	\$70.00
Targeted Whangārei transport rate		\$23.66	\$13.90
Targeted emergency services rate		\$12.06	\$11.76
Whangārei urban rivers management rate - CBD commercial		\$350.61	\$324.43
Total regional rates		\$1,410.06	\$1,363.80

Rating base information

The table below sets out the projected number of council rating units within the Northland region (by district), during the 10 years of this plan.

	2017-18 Annual Plan	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
Far North District Council	37,647	37,989	38,036	38,084	38,132	38,179	38,227	38,275	38,323	38,371	38,419
Kaipara District Council	14,982	14,376	14,521	14,668	14,816	14,966	15,117	15,270	15,424	15,580	15,738
Whangarei District Council	41,760	42,062	42,483	42,907	43,337	43,770	44,208	44,650	45,096	45,547	46,003
TOTAL Rating Units	94,389	94,427	95,040	95,659	96,285	96,915	97,552	98,195	98,843	99,498	100,160

Finances Mahere a Pūtea



Prospective financial statements

Prospective statement of comprehensive revenue and expense

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
periods ending 30 June	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
REVENUE						
Rates	20,962	27,169	29,455	30,792	31,984	32,643
Fees and Charges	4,510	4,310	4,398	4,492	4,588	4,691
Subsidies and Grants	1,909	3,046	2,869	2,869	2,869	2,869
Interest Revenue	1,033	1,195	1,413	1,480	1,485	1,505
Other Revenue	5,671	6,173	7,693	6,671	6,842	7,064
Other Gains	2,769	3,228	3,327	3,429	3,533	3,641
TOTAL REVENUE	36,855	45,121	49,155	49,733	51,302	52,413
EXPENSES						
Personnel Costs	13,954	15,612	16,899	17,776	18,278	18,378
Depreciation and Amortisation Expense	1,434	1,626	1,738	1,823	1,771	1,703
Finance Costs	726	936	1,201	1,398	1,596	1,768
Other Losses	-	-	-	-	-	-
Other Expenditure on Activities	20,716	26,099	26,800	26,305	26,983	27,965
TOTAL OPERATING EXPENDITURE	36,830	44,273	46,638	47,302	48,627	49,815
SURPLUS/(DEFICIT) BEFORE TAX	26	848	2,517	2,430	2,675	2,598
Income Tax Credit/(Expense)	-	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX	26	848	2,517	2,430	2,675	2,598
SURPLUS/(DEFICIT) ATTRIBUTABLE TO:						
Northland Regional Council	26	848	2,517	2,430	2,675	2,598
Non-Controlling Interest	-	-	-	-	-	-
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Items that will be reclassified to surplus/(deficit)						
Financial Assets at fair value through other comprehensive revenue and expense	-	-	-	-	-	-
Items that will not be reclassified to surplus/(deficit)						
Gains/(loss) on Property Revaluations	-	-	-	-	-	-
Gains/(loss) on Infrastructure Asset revaluations	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE	-	-	-	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	26	848	2,517	2,430	2,675	2,598

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	periods ending 30 June
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					REVENUE
33,218	34,660	36,326	37,275	38,878	Rates
4,796	4,908	5,028	5,151	5,282	Fees and Charges
2,869	2,869	2,869	2,869	2,869	Subsidies and Grants
1,525	1,566	1,601	1,634	1,673	Interest Revenue
7,499	7,506	7,728	7,949	8,171	Other Revenue
3,752	3,863	3,984	4,105	4,229	Other Gains
53,660	55,374	57,536	58,983	61,101	TOTAL REVENUE
					EXPENSES
18,801	19,419	19,904	20,402	21,113	Personnel Costs
1,728	1,756	1,785	1,799	1,811	Depreciation and Amortisation Expense
1,817	1,934	2,053	2,179	2,262	Finance Costs
-	-	-	-	-	Other Losses
28,936	29,796	31,110	32,089	34,115	Other Expenditure on Activities
51,282	52,904	54,852	56,469	59,300	TOTAL OPERATING EXPENDITURE
2,377	2,470	2,684	2,514	1,801	SURPLUS/(DEFICIT) BEFORE TAX
-	-	-	-	-	Income Tax Credit/(Expense)
2,377	2,470	2,684	2,514	1,801	SURPLUS/(DEFICIT) AFTER TAX
					SURPLUS/(DEFICIT) ATTRIBUTABLE TO:
2,377	2,470	2,684	2,514	1,801	Northland Regional Council
-	-	-	-	-	Non-Controlling Interest
					OTHER COMPREHENSIVE REVENUE AND EXPENSE
					Items that will be reclassified to surplus/(deficit)
-	-	-	-	-	Financial Assets at fair value through other comprehensive revenue and expense
					Items that will not be reclassified to surplus/(deficit)
-	-	-	-	-	Gains/(loss) on Property Revaluations
-	-	-	-	-	Gains/(loss) on Infrastructure Asset revaluations
-	-	-	-	-	TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE
2,377	2,470	2,684	2,514	1,801	TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR

Prospective statement of financial position

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
periods ending 30 June	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
ASSETS						
Current Assets						
Cash and Cash Equivalents	402	86	81	44	42	34
Other Financial Assets	3,783	4,136	4,553	3,626	3,732	3,838
Receivables	6,231	5,453	5,702	6,081	6,474	6,877
Inventory	3,186	3,205	3,205	3,205	3,205	3,205
Assets Held for Sale	16,443	14,194	-	-	-	-
Total Current Assets	30,045	27,074	13,541	12,956	13,453	13,954
Non Current Assets						
Receivables	6,855	6,346	6,446	6,546	6,646	6,746
Other Financial Assets	49,372	58,837	65,475	67,366	69,834	72,424
Infrastructure, Property, Plant and Equipment	32,213	38,707	40,520	43,908	46,176	46,217
Investment Property	29,564	33,473	47,667	47,667	47,667	47,667
Intangible Assets	140	283	337	126	236	454
Forestry Assets	2,360	2,713	2,713	2,713	2,713	2,713
Investment in Subsidiaries (excl council controlled organisations) and Joint Venture company	7,828	7,828	7,828	7,828	7,828	7,828
Investment in Council Controlled Organisations	863	863	863	863	863	863
Total Non Current Assets	129,194	149,050	171,848	177,018	181,963	184,913
TOTAL ASSETS	159,239	176,123	185,390	189,974	195,416	198,866
LIABILITIES						
Current Liabilities						
Payables	3,647	5,427	5,559	5,616	5,686	5,750
Employee Entitlements	1,538	1,661	1,711	1,749	1,787	1,828
Total Current Liabilities	5,185	7,088	7,269	7,364	7,473	7,578
Non Current Liabilities						
Payables and Deferred Revenue	850	916	938	948	960	971
Borrowings and Other Financial Liabilities	13,000	19,977	26,522	28,571	31,217	31,952
Employee Entitlements	14	18	19	19	19	20
Total Non Current Liabilities	13,864	20,911	27,479	29,538	32,197	32,943
TOTAL LIABILITIES	19,049	28,000	34,749	36,902	39,670	40,521
NET ASSETS	140,190	148,124	150,641	153,071	155,747	158,345

periods ending 30 June	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Equity						
Accumulated Funds	114,671	126,042	127,663	131,967	135,728	137,611
Revaluation Reserves	938	2,807	2,807	2,807	2,807	2,807
Other Reserves	24,581	19,274	20,170	18,297	17,211	17,926
Total Equity	140,190	148,124	150,641	153,071	155,747	158,345
Non-controlling interests in subsidiary companies	-	-	-	-	-	-
TOTAL EQUITY	140,190	148,124	150,641	153,071	155,747	158,345

Year 6	Year 7	Year 8	Year 9	Year 10	periods ending 30 June
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
ASSETS					
Current Assets					
31	14	59	17	16	Cash and Cash Equivalents
3,951	4,023	4,123	4,216	4,242	Other Financial Assets
7,278	7,696	8,125	8,546	8,976	Receivables
3,205	3,205	3,205	3,205	3,205	Inventory
-	-	-	-	-	Assets Held for Sale
14,465	14,939	15,512	15,984	16,440	Total Current Assets
Non Current Assets					
6,846	6,946	7,046	7,146	7,246	Receivables
75,239	77,629	80,543	83,521	85,731	Other Financial Assets
47,101	48,600	49,777	50,114	49,490	Infrastructure, Property, Plant and Equipment
47,667	47,667	47,667	47,667	47,667	Investment Property
454	454	454	454	454	Intangible Assets
2,713	2,713	2,713	2,713	2,713	Forestry Assets
7,828	7,828	7,828	7,828	7,828	Investment in Subsidiaries (excl council controlled organisations) and Joint Venture company
863	863	863	863	863	Investment in Council Controlled Organisations
188,712	192,700	196,892	200,306	201,992	Total Non Current Assets
203,177	207,639	212,404	216,291	218,433	TOTAL ASSETS

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	periods ending 30 June
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					LIABILITIES
					Current Liabilities
5,816	5,887	5,962	6,030	6,105	Payables
1,870	1,915	1,963	2,012	2,064	Employee Entitlements
7,686	7,802	7,925	8,042	8,170	Total Current Liabilities
					Non Current Liabilities
982	994	1,007	1,018	1,031	Payables and Deferred Revenue
33,766	35,630	37,574	38,818	39,018	Borrowings and Other Financial Liabilities
20	21	21	22	22	Employee Entitlements
34,768	36,645	38,602	39,858	40,071	Total Non Current Liabilities
42,454	44,447	46,528	47,900	48,241	TOTAL LIABILITIES
160,722	163,192	165,876	168,390	170,191	NET ASSETS
					Equity
140,608	143,678	146,865	149,408	150,955	Accumulated Funds
2,807	2,807	2,807	2,807	2,807	Revaluation Reserves
17,307	16,707	16,204	16,175	16,429	Other Reserves
160,722	163,192	165,876	168,390	170,191	Total Equity
-	-	-	-	-	Non-controlling interests in subsidiary companies
160,722	163,192	165,876	168,390	170,191	TOTAL EQUITY

Prospective statement of changes in equity

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
BALANCE at 1 July	140,164	147,276	148,124	150,641	153,071	155,747
Total Comprehensive Revenue and Expense	26	848	2,517	2,430	2,675	2,598
BALANCE at 30 June	140,190	148,124	150,641	153,071	155,747	158,345
Total Comprehensive Revenue and Expense Attributable to:						
Northland Regional Council	26	848	2,517	2,430	2,675	2,598
Non-controlling interests	-	-	-	-	-	-
TOTAL at 30 June	140,190	148,124	150,641	153,071	155,747	158,345

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
158,345	160,722	163,192	165,876	168,390	BALANCE at 1 July
2,377	2,470	2,684	2,514	1,801	Total Comprehensive Revenue and Expense
160,722	163,192	165,876	168,390	170,191	BALANCE at 30 June
					Total Comprehensive Revenue and Expense Attributable to:
2,377	2,470	2,684	2,514	1,801	Northland Regional Council
-	-	-	-	-	Non-controlling interests
160,722	163,192	165,876	168,390	170,191	TOTAL at 30 June

Prospective statement of cashflows

	Year 1	Year 2	Year 3	Year 4	Year 5
for the year ending 30 June	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Cash Flows from Operating Activities					
Receipts from rates revenue	26,659	28,907	30,222	31,388	32,035
Receipts from customers	9,275	10,795	9,282	9,399	9,517
Subsidies and grants received	2,144	2,144	2,144	2,144	2,144
GST received	2,997	3,603	3,763	3,901	3,978
Interest received	3,616	3,602	3,559	3,559	3,559
Other revenue received	3,598	3,708	4,096	4,262	4,483
Staff and suppliers	(45,274)	(47,941)	(48,378)	(49,676)	(50,842)
Other payments - operating	(259)	(265)	(275)	(281)	(287)
Interest paid	(936)	(1,201)	(1,398)	(1,596)	(1,768)
Net Cash Provided (or Used) in Operating Activities	1,820	3,355	3,016	3,100	2,819
Cash Flows from Investing Activities					
Sale of infrastructure, property, plant and equipment	-	14,194	-	-	-
Other receipts - investing	410	(6,300)	(100)	(1,600)	(1,600)
Purchase of infrastructure, property, plant and equipment	(5,190)	(17,798)	(5,002)	(4,148)	(1,962)
Net Cash Provided (or Used) in Investing Activities	(4,780)	(9,904)	(5,102)	(5,748)	(3,562)
Cash Flows from Financing Activities					
Other receipts - financing	2,667	6,545	12,049	2,646	735
Other payments - financing	-	-	(10,000)	-	-
Net Cash Provided (or Used) in Financing Activities	2,667	6,545	2,049	2,646	735
Net Increase/(Decrease) in Cash & Cash Equivalents	(293)	(5)	(38)	(2)	(8)
Cash and Cash Equivalents at beginning of period	379	86	81	44	42
Cash and Cash Equivalents at end of period	86	81	44	42	34

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	for the year ending 30 June
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
Cash Flows from Operating Activities					
32,597	34,014	35,654	36,586	38,142	Receipts from rates revenue
9,885	9,767	9,905	10,046	10,197	Receipts from customers
2,144	2,144	2,144	2,144	2,144	Subsidies and grants received
4,045	4,235	4,441	4,563	4,752	GST received
3,559	3,559	3,559	3,559	3,559	Interest received
4,705	4,926	5,148	5,369	5,590	Other revenue received
(52,329)	(53,938)	(55,928)	(57,525)	(60,416)	Staff and suppliers
(293)	(300)	(307)	(314)	(321)	Other payments - operating
(1,817)	(1,934)	(2,053)	(2,179)	(2,262)	Interest paid
2,495	2,473	2,564	2,250	1,386	Net Cash Provided (or Used) in Operating Activities
Cash Flows from Investing Activities					
-	-	-	-	-	Sale of infrastructure, property, plant and equipment
(1,700)	(1,070)	(1,500)	(1,400)	(400)	Other receipts - investing
(2,612)	(3,254)	(2,962)	(2,136)	(1,187)	Purchase of infrastructure, property, plant and equipment
(4,312)	(4,324)	(4,462)	(3,536)	(1,587)	Net Cash Provided (or Used) in Investing Activities
Cash Flows from Financing Activities					
1,814	1,834	1,944	1,244	200	Other receipts - financing
-	-	-	-	-	Other payments - financing
1,814	1,834	1,944	1,244	200	Net Cash Provided (or Used) in Financing Activities
(3)	(17)	45	(42)	(1)	Net Increase/(Decrease) in Cash & Cash Equivalents
34	31	14	59	17	Cash and Cash Equivalents at beginning of period
31	14	59	17	16	Cash and Cash Equivalents at end of period

Significant forecasting assumptions

The financial forecasts within this long term plan are based on a range of assumptions about our future situation, in particular assumptions that impact on our revenue and expenditure levels. Schedule 10 of the Local Government Act 2002 requires that the council identify the significant forecasting assumptions and risks underlying the financial information set out in the Long Term Plan. Where there is a high level of uncertainty, council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects that uncertainty has on the financial estimates provided. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

Each year council reviews its position and has the opportunity to revise the intentions signalled in the 2018-2028 Long Term Plan. An annual plan may be prepared for the 2019/20 financial year if required and for the 2020/21 year, with a long term plan being prepared every third financial year. Where revised prospective financial statements are issued, council must provide an explanation of the changes made to the prospective financial statements in the long term plan and include a reconciliation of all material differences between the previously reported prospective financial statements and the revised financial statements. The projections for individual years will be reviewed annually if required through a special consultative procedure, in accordance with the Local Government Act 2002.

The financial forecast information disclosed is future focused for the purposes of the Financial Reporting Standard FRS-42: Prospective Financial Statements and accordingly, there are a number of budget assumptions that, at the time of preparing the forecast information the council reasonably expects to occur. These assumptions are necessary as the long term plan covers a 10 year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts.

The information presented in prospective financial statements is by definition uncertain and its preparation requires the exercise of judgement. Events and circumstances may not occur as expected or may not have been predicted. In addition, the council may subsequently take actions which differ from the intended courses of action on which the prospective financial statements were based. Actual financial results may be materially different to the forecast financial information presented in this long term plan.

The council has assumed that the actual results for the 2017/18 financial year are largely in accordance with the 2017/18 Annual Plan. Certain events have occurred that are not directly aligned with forecasts made in the 2017/18 Annual Plan and the financial results have been adjusted accordingly.

The council has a reasonable and supportable basis for the determination of assumptions underlying these prospective financial statements. The realisation of assumptions may have a direct impact on resulting rates and funding requirements. The information in these financial statements may not be appropriate for purposes other than those described.

The prospective financial statements will be authorised for issue in June 2018 by council resolution. The council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The significant forecasting assumptions used in developing the financial forecasts in the Long Term Plan are detailed in the table over leaf.

General assumptions

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
<p>The Northland economy took longer to move out of the recession caused by the global financial crisis than other regions of New Zealand, due in part to climatic conditions. Between 2007 and 2012, the Northland economy was stagnant, growing at an average annual rate of 0% compared to a 0.9% increase in the New Zealand economy as a whole. However, over the last year five years (2012-2017) real GDP in the region has increased by 2.9% per annum on average, slightly below the national average growth rate of 3.2%.</p> <p>While there may be large annual variations, we are forecasting an average annual growth rate of 2.0% over the next 10 years - slightly lower than the latest Treasury forecast for the New Zealand economy. Treasury is forecasting a national GDP increase of 3.3% in 2018/19, slowing to an increase of 2.5% in 2021/22.</p> <p>Sources: Northland Region Economic Profile 2017 and Budget Economic and Fiscal Update 2018.</p>	<p>The current recovery stalls, is slower than expected or significantly deepens.</p>	<p>Low to medium</p>	<p>A 1% reduction in rating revenue in year one is \$271,695, equivalent to 0.6% of our total operating budget.</p>	<p>A slow economy has the effect of perpetuating affordability issues and potentially resulting in increased rating arrears.</p>
<p>Population growth will be positive but slow (a 0.7% per annum increase compared to a national increase of 1.0% over the 10-year period 2018-2028) leading to a similar increase in separately used or inhabited parts of a property (SUIPs) and rating units.</p> <p>Population growth is predominately in the older age groups (e.g. 65+). These people are more likely to, want to age in place (at home) and retire on low fixed incomes (predominantly reliant on superannuation in their later years).</p> <p>Impact:</p>	<p>Population growth and/or growth in properties will be significantly different from projected.</p> <p>Rate postponements increase as a proportion of rates owed.</p>	<p>Low</p>	<p>Low</p> <p>This equates to an increase of 646 SUIPs/rating units per year. The average rate per SUIP/rating unit is \$293.08 excl GST.</p>	<p>Short-term population changes have very little impact on regional council services. Existing resources have generally coped with service demands without major adjustments.</p> <p>The challenges of an aging population are largely borne by the district councils of Northland (pressures on infrastructure, matching services to demand etc.)</p> <p>A greater demand for public transport services may result in the urban areas, particularly Whangārei, as it is likely to expand at a greater rate than other areas within the region.</p>

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
<p>No additional expenditure has been provided in this plan for addressing issues related to population growth.</p> <p>Source: Statistics New Zealand, Subnational population projections by sex and age, 2013 (base) – 2043 update (released February 2017)</p>				<p>A higher number of older people ageing in place (at home) will create demand for public transport/mobility to be available to access services and amenities.</p>
<p>We expect that conditions for existing resource consents held by the council will not be significantly altered. Any resource consent due for renewal during the year will be renewed accordingly.</p>	<p>Conditions of resource consents are altered significantly.</p> <p>The council is unable to renew existing resource consents upon expiry.</p>	Low	Low	<p>The final effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the council needing to spend additional funds to enable compliance. Generally, the council considers that it is fully compliant with existing resource consents and does not contemplate any material departure from these requirements over 2018/19.</p>
<p>We expect that there will be no significant change to council business dictated by as yet unknown/unconfirmed legislation or central government policy change.</p>	<p>Changes to council business significantly alter operations and activities carried out by the council.</p>	Medium	Low	<p>The final effect of any change to the council's business would depend upon the extent of the change. A significant change could result in the council altering its activities or spending additional funds to enable compliance.</p>
<p>Any indirect impacts of the Emissions Trading Scheme through price increases being passed on to the council are assumed to be covered by the council's inflation assumptions.</p> <p>The direct impact of the Emission Trading Scheme is that the council will be required to replant its forestry holdings after any harvest. The council's forestry management plan prescribes this approach. The council has received Emission Trading Scheme credits to financially compensate for this requirement.</p>	<p>Changes in government legislation result in charges greater than the budgeted expenditure.</p>	Low	Low	<p>Any annual changes to the Emission Trading Scheme will not have any material effect on the overall financial forecasts in this plan.</p>

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
We expect that climate change impacts will match the Ministry for the Environment's climate change predictions, which are based on recommendations from the International Panel on Climate Change (IPCC).	Climate change impacts coming earlier than expected – creating issues regarding civil defence, coastal structures, etc.	Medium	Low	Variations to long term budget forecasts and levels of service will be required and will be addressed by subsequent long term plans.
Budget provision will be adequate to address costs arising from natural disasters . The council holds insurance for its assets, including the Awanui River Flood Management Scheme.	Natural or other hazard emergencies require work that cannot be funded out of normal budgetary provisions.	Low	Medium	The council's financial position is strong enough short-term funding requirements that may be required in the event of damage caused from natural disasters. The council may need to consult with the community retrospectively to repay any expense incurred.

Financial assumptions

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk																				
<p>The council has adjusted its base financial projections to reflect the estimated impact of inflation over the life of the 2018-2028 Long Term Plan using the Business and Economic Research Limited (BERL) "Forecasts of Price Level Change Adjustors - 2017 Update" displayed below (at a per annum change).</p> <p>The BERL Opex price adjustor forecasts have been applied to all the operational expenditure items subject to inflation, with the exception of salaries, as follows:</p> <table border="1"> <tbody> <tr> <td>Year 1*</td> <td>0.0%</td> <td>Year 6</td> <td>2.3%</td> </tr> <tr> <td>Year 2</td> <td>2.2%</td> <td>Year 7</td> <td>2.4%</td> </tr> <tr> <td>Year 3</td> <td>2.2%</td> <td>Year 8</td> <td>2.5%</td> </tr> <tr> <td>Year 4</td> <td>2.2%</td> <td>Year 9</td> <td>2.5%</td> </tr> <tr> <td>Year 5</td> <td>2.3%</td> <td>Year 10</td> <td>2.6%</td> </tr> </tbody> </table>	Year 1*	0.0%	Year 6	2.3%	Year 2	2.2%	Year 7	2.4%	Year 3	2.2%	Year 8	2.5%	Year 4	2.2%	Year 9	2.5%	Year 5	2.3%	Year 10	2.6%	The actual rate of inflation varies from the assumed rate of inflation.	<p>Years 1-3: Low to medium</p> <p>Years 4-10: Medium to high</p>	<p>Low to medium</p> <p>A 1% point increase in the inflation rate over and above the BERL rates will increase council's total operating expenditure by \$260,987.</p> <p>Should operating expenditure increase and council is not able to achieve savings to offset the increase, it is likely there will be a proportional impact on the council's funding and expenditure in the following year.</p>	<p>Inflation is affected by external factors, all of which are outside of the council's control and influence.</p> <p>Actual individual indices will at times vary from what has been assumed in this plan. The council has relied on the Reserve Bank's use of monetary controls to keep inflation within the 1% to 3% range.</p>
Year 1*	0.0%	Year 6	2.3%																					
Year 2	2.2%	Year 7	2.4%																					
Year 3	2.2%	Year 8	2.5%																					
Year 4	2.2%	Year 9	2.5%																					
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Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk																				
<p>The BERL Capex price adjustor forecasts have been applied to capital expenditure items as follows:</p> <table border="1"> <tr> <td>Year 1*</td> <td>0.0%</td> <td>Year 6</td> <td>2.4%</td> </tr> <tr> <td>Year 2</td> <td>2.2%</td> <td>Year 7</td> <td>2.4%</td> </tr> <tr> <td>Year 3</td> <td>2.2%</td> <td>Year 8</td> <td>2.5%</td> </tr> <tr> <td>Year 4</td> <td>2.2%</td> <td>Year 9</td> <td>2.6%</td> </tr> <tr> <td>Year 5</td> <td>2.3%</td> <td>Year 10</td> <td>2.7%</td> </tr> </table> <p>* Year one budget forecasts were developed on the basis that expenditure for year one could be determined and did not require the application of an inflation adjustor.</p>	Year 1*	0.0%	Year 6	2.4%	Year 2	2.2%	Year 7	2.4%	Year 3	2.2%	Year 8	2.5%	Year 4	2.2%	Year 9	2.6%	Year 5	2.3%	Year 10	2.7%				
Year 1*	0.0%	Year 6	2.4%																					
Year 2	2.2%	Year 7	2.4%																					
Year 3	2.2%	Year 8	2.5%																					
Year 4	2.2%	Year 9	2.6%																					
Year 5	2.3%	Year 10	2.7%																					
<p>Inflation rates applied - salaries</p> <p>Year 1-3 salaries are based on a council-led staffing initiative.</p> <p>Salary increases have been estimated in years 4-10 of the plan using the BERL Opex price adjustor forecasts.</p> <table border="1"> <tr> <td>Year 1</td> <td>3.0%</td> <td>Year 6</td> <td>2.3%</td> </tr> <tr> <td>Year 2</td> <td>3.0%</td> <td>Year 7</td> <td>2.4%</td> </tr> <tr> <td>Year 3</td> <td>3.0%</td> <td>Year 8</td> <td>2.5%</td> </tr> <tr> <td>Year 4</td> <td>2.2%</td> <td>Year 9</td> <td>2.5%</td> </tr> <tr> <td>Year 5</td> <td>2.3%</td> <td>Year 10</td> <td>2.6%</td> </tr> </table>	Year 1	3.0%	Year 6	2.3%	Year 2	3.0%	Year 7	2.4%	Year 3	3.0%	Year 8	2.5%	Year 4	2.2%	Year 9	2.5%	Year 5	2.3%	Year 10	2.6%	<p>The actual rate of salary increases will vary from the assumed rate of salary increases.</p>	<p>Low to medium</p>	<p>Low</p> <p>A 1% point increase in salaries in year one over and above the rate applied will increase operating expenditure by \$148,347.</p>	<p>Although the actual annual salaries expenditure incurred by the council may vary against its corresponding forecast, it is expected to be manageable and it is not considered that any annual salaries variance will have a material effect on the overall financial forecasts in the Long Term Plan.</p>
Year 1	3.0%	Year 6	2.3%																					
Year 2	3.0%	Year 7	2.4%																					
Year 3	3.0%	Year 8	2.5%																					
Year 4	2.2%	Year 9	2.5%																					
Year 5	2.3%	Year 10	2.6%																					
<p>Inflation rates applied - activity income</p> <p>Activity income sources subject to inflation are assumed to increase throughout years 2-10 of the plan</p>	<p>The actual activity revenue is influenced by rates of inflation</p>	<p>Low</p>	<p>Low</p>	<p>Although activity income streams may vary annually due to factors outside of the council's control, it is considered manageable and</p>																				

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk																				
<p>using the BERL Opex price adjustor displayed below (at a per annum change), with the exception of rating revenues and New Zealand Transport Agency subsidies:</p> <p>Year one budget forecasts were developed on the basis of a council resolution to increase user fees and charges by 2%.</p> <table border="1"> <tr> <td>Year 1</td> <td>2.0%</td> <td>Year 6</td> <td>2.3%</td> </tr> <tr> <td>Year 2</td> <td>2.2%</td> <td>Year 7</td> <td>2.4%</td> </tr> <tr> <td>Year 3</td> <td>2.2%</td> <td>Year 8</td> <td>2.5%</td> </tr> <tr> <td>Year 4</td> <td>2.2%</td> <td>Year 9</td> <td>2.5%</td> </tr> <tr> <td>Year 5</td> <td>2.3%</td> <td>Year 10</td> <td>2.6%</td> </tr> </table>	Year 1	2.0%	Year 6	2.3%	Year 2	2.2%	Year 7	2.4%	Year 3	2.2%	Year 8	2.5%	Year 4	2.2%	Year 9	2.5%	Year 5	2.3%	Year 10	2.6%	different than the assumed rate.			it is not considered to have a material effect on the overall financial forecasts in the Long Term Plan.
Year 1	2.0%	Year 6	2.3%																					
Year 2	2.2%	Year 7	2.4%																					
Year 3	2.2%	Year 8	2.5%																					
Year 4	2.2%	Year 9	2.5%																					
Year 5	2.3%	Year 10	2.6%																					
<p>Inflation rates applied – New Zealand Transport Agency subsidy income Subsidy income is a function of transport activity cost and work categories. The subsidy available for the work categories varies from no subsidy to 54%. The council has assumed there will be no change to the current government funding formula and as such, has applied the subsidy at the level advised by New Zealand Transport Agency at the time of preparing the plan.</p>	Actual subsidy rates and criteria for approved works change from the time the long term plan is compiled.	Medium	Low The maximum financial impact would be the total elimination of the total subsidy income estimated in year one at \$1,780,884.	<p>Changes to the funding priorities of the New Zealand Transport Agency are outside of the council's control.</p> <p>If the level of New Zealand Transport Agency subsidy income is lower than forecast it may require a reprioritisation of the transport work program or an increase in funding from alternative sources (e.g. regional-wide rates).</p>																				
<p>Rates increases applied – rating income In order to fund the expenditure outlined throughout the long term plan, the council intends to increase its rates at the amounts (at an annual increment) displayed in the table below:</p> <table border="1"> <tr> <td>Year 1</td> <td>29.1%</td> <td>Year 6</td> <td>1.3%</td> </tr> </table>	Year 1	29.1%	Year 6	1.3%	The projected rate increases are insufficient to cover expenditure increases resulting from inflation.	Low to medium	Low to medium In year one rate funding provides approximately 60% of council revenue, with the remaining revenue coming from investment income, user charges, grants and subsidies.	Although the disparity is considered manageable, it may result in a reprioritisation of the council's work programme and/or an increase in funding from alternative sources.																
Year 1	29.1%	Year 6	1.3%																					

Assumption and impact of assumption				Risk	Likelihood	Financial impact	Impact of risk
Year 2	7.9%	Year 7	3.8%			A 1% increase in year one rating income would provide \$271,695 additional income, whilst a 1% increase in year one operating costs would equate to an additional \$442,731 of expenditure.	
Year 3	4.0%	Year 8	4.3%				
Year 4	3.4%	Year 9	2.1%				
Year 5	1.6%	Year 10	3.8%				
<p>Forecast return on council investments</p> <p>Cash investments We assume no interest income will be derived from cash investments. The council hold working capital in managed funds and releases funds as required.</p> <p>Stocks and bonds (fixed) Interest income derived from fixed investments is calculated at the relevant coupon rate until maturity of such investment.</p> <p>Externally managed funds Interest income derived from investments in externally managed funds is calculated upon an assumption of returns between 4.75% and 7.5% per annum. The Investment and Growth Reserve and Community Investment Fund are discussed separately below.</p>				Actual interest rates vary from those projected.	Low – medium	Low – medium An increase (or decrease) of 1% above (or below) forecast returns on investments will result in a variance in interest and capital gains in year one of the plan of approximately \$630,000.	If actual interest rates are lower than the forecast rates, then the Investment and Growth Reserve may receive a reduced allocation and/or other funding sources or savings may be considered to offset the difference.
There will be no fair value movements to the managed fund investment portfolio. Managed funds values will only change by investment gains earned and retained.				Managed fund fair value will vary from the assumption	Low	Low	Any investment revaluations are non-cash in nature so will have no material impact on council's funding sources.
<p>We project that forestry investment revenue will be in line with the forestry management plan.</p> <p>The forestry is revalued annually. The valuation adjustments are provided by an independent forestry consultant. These are non-cash and as the forest is a long-term asset,</p>				Projected forestry returns differ significantly from those estimated.	Low – Medium	Low	If the projected harvest return is below expectations, the council is able to defer harvesting for a number of years.

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
the adjustments do not impact on funding or expenditure requirements.				
<p>Each year for the life of the plan, \$1.7 million of investment income will be redirected to the Investment and Growth Reserve, but will be invested via the Community Investment Fund.</p> <p>Inflation will be applied to the \$1.7 million using the at the BERL Opex price adjustor. This inflation adjustment will be funded from Community Investment Fund revenue.</p>	<p>The council will increase the redirection.</p> <p>The council will decrease the redirection.</p>	<p>Low – Medium</p> <p>Low</p>	<p>An increase or decrease of 1% in the forecast redirection to the Investment and Growth Reserve will result in a \$17,000 movement in the balance of the reserve.</p>	<p>There will be a higher rate increase than projected in the Long Term Plan.</p> <p>There will be less funds available to the Investment and Growth Reserve for allocation.</p>
<p>Forecast return on investments made from the Investment and Growth Reserve</p> <p>We forecast that funding set aside in the Investment and Growth Reserve (invested in the Community Investment Fund) will earn a return of 6.5% per annum.</p> <p>Investment and Growth Reserve funds will be invested in accordance with council's Investment Policy until such time as they are allocated to projects in accordance with the Investment and Growth Reserve Criteria.</p> <p>The actual return on project allocations from the Investment and Growth Reserve will vary significantly. The council recognises higher risk investments, may provide higher returns, but there is also a risk of the project not delivering the expected return. It is also possible that the council will accept a lower return on projects that contribute positively to social and cultural well-beings.</p>	Actual returns vary from those projected.	Medium	<p>Low to medium</p> <p>An increase (or decrease) of 1% above (or below) forecast returns on funding set aside in the Investment and Growth Reserve will result in a variance in investment revenue in year one of the plan of \$10,401.</p>	If actual investment returns are lower than forecasted rates there will be less funding available to invest in further projects. This may have an impact on the council's ability to make a positive contribution towards promoting economic development in Northland. Rating levels will not be affected.
<p>Income from the Community Investment Fund</p> <p>Community Investment Fund revenue earned up to 7.5% will be reinvested in the fund (except the portion required for the inflation</p>	The income from the Community Investment Fund differs to forecast.	Medium	<p>Medium</p> <p>In year one a 1% change in income from the Community</p>	If actual Community Investment Fund income is lower than the forecast levels, then the Investment and Growth Reserve will need to contribute a greater level

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk																								
<p>adjustment to the redirection to the Investment and Growth Reserve of \$1.7 million). Any annual revenue over 7.5% will be brought to council to decide whether to reinvest in the Community Investment Fund or include in the Investment and Growth Reserve balance.</p> <p>We assume the the opening balance of the fund at \$13.26 million.</p>			Investment Fund equates to \$9,950. Any reduction in Community Investment Fund income may result in the Investment and Growth Reserve being called upon to fund the shortfall.	of funding to the council-controlled organisation.																								
<p>Borrowing costs (external and internal)</p> <p>We have assumed the cost of existing external borrowing (\$18.5 million) is at the current borrowing rates., and that the cost of new debt is 6.5%.</p> <p>Internal borrowing rates are outlined in the Financial Strategy. The actual internal borrowing rate may be subject to change and will be based upon the cost of borrowing and available investment returns at the time of borrowing.</p>	The prevailing interest rate varies from those assumed.	Medium	Low	<p>Borrowing costs increase or decrease. Small changes are unlikely to affect rates, large changes, however, may result in an increase or decreases to associated rates.</p> <p>Interest expense and interest income associated with internal borrowing offset each other in the financial forecasts.</p>																								
<p>Dividends</p> <p>We assume that the council will maintain its shareholding in Marsden Maritime Holdings Limited, and that the dividend, expressed as a cents per share amount (cps), received from this shareholding will be as follows:</p> <table border="1" data-bbox="124 1547 470 2074"> <thead> <tr> <th>Year</th> <th>CPS</th> <th>Year</th> <th>CPS</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>16.25</td> <td>6</td> <td>21.25</td> </tr> <tr> <td>2</td> <td>16.75</td> <td>7</td> <td>22.25</td> </tr> <tr> <td>3</td> <td>18.50</td> <td>8</td> <td>23.25</td> </tr> <tr> <td>4</td> <td>19.25</td> <td>9</td> <td>24.25</td> </tr> <tr> <td>5</td> <td>20.25</td> <td>10</td> <td>25.25</td> </tr> </tbody> </table>	Year	CPS	Year	CPS	1	16.25	6	21.25	2	16.75	7	22.25	3	18.50	8	23.25	4	19.25	9	24.25	5	20.25	10	25.25	<p>The council chooses not to maintain its shareholding in Marsden Maritime Holdings Limited.</p> <p>The actual dividend per in Marsden Maritime Holdings Limited share will vary from the assumed amount.</p> <p>Dividend return is received from Regional Software Holdings Limited.</p>	<p>Low</p> <p>Low</p> <p>Low</p>	<p>Low</p> <p>An alternative investment would be sought with an annual return.</p> <p>Low</p> <p>A one cent per share movement in the declared Marsden Maritime Holdings Limited dividend will have an impact on council's dividend income by \$221,429.</p> <p>Low</p>	<p>If actual dividend income is lower than the forecast other funding sources or savings will be considered to offset the difference.</p>
Year	CPS	Year	CPS																									
1	16.25	6	21.25																									
2	16.75	7	22.25																									
3	18.50	8	23.25																									
4	19.25	9	24.25																									
5	20.25	10	25.25																									

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
The council is not forecasting any dividends from Regional Software Holdings Limited. nor any special dividends from Marsden Maritime Holdings Limited.				
<p>Investment property rental income. We assume that the council's investment property portfolio will be tenanted throughout the plan at the current occupancy rates and that rents will be maintained.</p> <p>Commercial property sales The proceeds from any investment property sale will be reinvested in an investment that provides a return of greater than 7% per annum.</p>	Occupancy rates decline resulting in less than forecast rental income.	Low	Low A 1% reduction in the council's investment property rental income equates to \$24,217.	All investment property rentals are subject to contractual obligations which have varying renewal and review periods. The large majority of rental properties have 5, 7 and 21-year lease reviews, and the reviews falling due in any one year will not have a material impact on the annual rental income.
<p>Revaluation of investment properties. We assume that the value of the council's investment properties will not change over the life of the plan.</p> <p>This assumption is consistent with the expectation that Northland's population and economy will grow slower than the national average.</p>	The actual revaluation movements will vary from those assumed.	Medium	Low A 1% increase in the council's investment property portfolio equates to an estimated increase of \$476,674 in the value of the portfolio.	<p>Any investment revaluations are non-cash in nature so will have no material impact on the council's funding sources.</p> <p>There is no impact on depreciation as investment properties are not depreciated.</p>
<p>Revaluation of land and buildings. We assume that the value of the council's land and buildings will not change over the life of the plan.</p>	The actual revaluation movements will vary from those assumed.	Medium	Low A 1% increase in building asset values will equate to an increase in depreciation of \$1100. For land assets there is no impact on depreciation as these assets are not depreciated.	<p>Any land and building revaluations are non-cash in nature so will have no material impact on the council's funding sources.</p> <p>If the revaluations are different from those forecast, it will affect the fixed asset values and flow through to changed levels of depreciation expense.</p>
<p>Revaluation of infrastructure assets. We assume that the value of the council's infrastructure assets will not change over the life of the plan.</p>	The actual revaluation movements will be significantly different from those forecasted.	Medium	Low A 1% increase in infrastructure asset values will equate to	Any infrastructure asset revaluations are non-cash in nature so will have no material impact on the council's funding sources.

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
			<p>an increase in depreciation of \$978.</p> <p>For land assets there is no impact on depreciation as these assets are not depreciated.</p>	<p>If the revaluations are different from those forecast, it will affect the fixed asset values and flow through to changed levels of depreciation expense.</p>
<p>We assume that sufficient sources of funds for the future replacement of significant assets will be available at the end of their useful life.</p>	<p>Insufficient funds will be available to replace significant assets at the end of their useful lives.</p>	Low	Low	<p>Targeted regional-wide rates, user charges and other targeted rates will increase to achieve the funding requirements. The council may use borrowings in accordance with the Revenue and Financing Policy, Liability Management Policy, and Treasury Management Policy.</p>
<p>Useful lives of significant assets. The useful lives of significant assets are shown in council's Statement of Accounting Policies.</p> <p>We assume that no significant assets will fail before the end of their useful lives as set out in the council's accounting policy.</p> <p>The council is aware of all planned asset acquisitions and all asset acquisitions (as per the capital expenditure program) shall be depreciated on the same basis as existing assets.</p>	<p>That council assets wear out earlier or later than estimated.</p> <p>That the council changes activities resulting in decisions not to replace certain existing assets.</p>	Low	Low	<p>The council has little in way of major infrastructural assets.</p> <p>As part of its asset management planning process council identifies the capacity and condition of such assets, and plans its replacement program accordingly.</p> <p>Depreciation and interest costs (if borrowing was required) would increase if capital expenditure was required earlier than anticipated, and any earlier replacement may result in the deferral of other discretionary capital projects.</p> <p>Where a decision is made not to replace an asset this will be factored into the capital expenditure projections.</p>
<p>Vested assets. We expect no vesting or divesting of assets for the period of the Long Term Plan.</p>	<p>Assets will be vested with the council</p>	Low	Low	<p>Vested assets have an associated depreciation expense and this would increase the level of rating</p>

Assumption and impact of assumption	Risk	Likelihood	Financial impact	Impact of risk
				required if the council decide that the asset would be replaced at the end of its useful life.
<p>Joint Venture with KiwiRail (Ontrack) for the proposed Marsden Point Rail Link</p> <p>The council is holding properties purchased along the Marsden Point rail corridor as Investment Properties for the term of the Long Term Plan.</p> <p>Should any of these properties be sold during the term of the plan, we assume there will be no change in the total investment revenue earned by the council.</p>	<p>That the timing or amount of disposal of the sale of Joint Venture Investment Assets differs from that assumed.</p> <p>That the value of the designation inventory asset is impaired or realised during the term of the plan.</p>	<p>Medium</p> <p>Medium</p>	<p>Low</p> <p>A 1% decrease in the Marsden Point rail corridor investment property revenue equates to \$7,228.</p> <p>Low</p> <p>A 1% decrease in the Marsden to Oakleigh rail corridor designation in year 1 equates to an impairment cost of \$30,655.</p>	<p>If the actual proceeds received from the sale of Joint Venture Investment Assets differ to those forecasted there will be less investment income available to either subsidise operational funding.</p> <p>A 1% increase or decrease in the sale value of joint Venture Investment Assets held will result in a \$29,900 increase or decrease in cash available to be invested.</p> <p>Any impairment of the inventory asset is a non-cash expense and therefore any impact will be immaterial.</p>

Depreciation by activity

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Governance and Engagement	-	-	-	-	-	-
Environmental Services	37	-	-	-	-	-
River Management	170	91	91	95	95	95
Regulatory Services	298	348	401	438	475	512
Customer Services / Community Resilience	94	123	127	127	127	127
Corporate Excellence	836	1,065	1,119	1,162	1,073	969
Total Depreciation by Activity	1,436	1,626	1,738	1,823	1,771	1,703

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
-	-	-	-	-	Governance and Engagement
-	-	-	-	-	Environmental Services
99	99	99	99	99	River Management
533	561	590	604	616	Regulatory Services
127	127	127	127	127	Customer Services / Community Resilience
969	969	969	969	969	Corporate Excellence
1,728	1,756	1,785	1,799	1,811	Total Depreciation by Activity

Capital expenditure

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Governance and Engagement						
Improvement	-	6	-	-	-	-
Replacement	-	13	-	26	14	5
Environmental Services						
Improvement	51	151	403	332	99	121
Replacement	-	9	2	2	14	-
River Management						
Improvement	203	2,277	1,471	2,429	2,162	639
Replacement	145	694	405	1,220	869	290
Regulatory Services						
Improvement	8	67	10	-	-	19
Replacement	8	100	43	92	123	119
Customer Services / Community Resilience						
Improvement	123	434	-	-	-	-
Replacement	79	185	25	42	107	-
Corporate Excellence						
Improvement	114	730	524	395	74	68
Replacement	784	524	14,916	462	686	702
TOTAL CAPITAL EXPENDITURE	1,514	5,190	17,798	5,002	4,148	1,962

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
					Governance and Engagement
-	-	-	-	-	Improvement
-	61	6	-	13	Replacement
					Environmental Services
45	245	75	79	46	Improvement
3	14	-	4	15	Replacement
					River Management
1,304	1,621	1,506	946	200	Improvement
634	559	644	395	133	Replacement
					Regulatory Services
-	-	-	9	23	Improvement
60	168	138	95	123	Replacement
					Customer Services / Community Resilience
-	-	-	-	-	Improvement
-	-	-	-	-	Replacement
					Corporate Excellence
69	80	73	75	86	Improvement
495	507	520	533	548	Replacement
2,612	3,254	2,962	2,136	1,187	TOTAL CAPITAL EXPENDITURE

Schedule of reserves

	Year 1 2018/19 \$(000)	Year 2 2019/20 \$(000)	Year 3 2020/21 \$(000)	Year 4 2021/22 \$(000)	Year 5 2022/23 \$(000)
Land Management Reserve					
Opening Balance as at 1 July	234	-	-	-	-
Increase/(Decrease) in Reserve throughout the year (operational transfer)	(234)	-	-	-	-
Increase/(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	-	-	-	-	-
Awanui River Reserve					
Opening Balance as at 1 July	(773)	(599)	(436)	(284)	(132)
Increase/(Decrease) in Reserve throughout the year (operational transfer)	175	163	152	151	133
Increase/(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	(599)	(436)	(284)	(132)	-
Kaihu River Reserve					
Opening Balance as at 1 July	69	59	49	37	26
Increase/(Decrease) in Reserve throughout the year (operational transfer)	(10)	(11)	(11)	(12)	(12)
Increase/(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	59	49	37	26	14
Whangaroa Kaeo Rivers Reserve					
Opening Balance as at 1 July	43	30	16	(1)	(1)
Increase/(Decrease) in Reserve throughout the year (operational transfer)	(13)	(14)	(17)	-	-
Increase/(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	30	16	(1)	(1)	(1)
Whangārei Urban River Reserve					
Opening Balance as at 1 July	(9,571)	(9,164)	(8,708)	(8,281)	(7,792)
Increase/(Decrease) in Reserve throughout the year (operational transfer)	407	456	428	489	504
Increase/(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	(9,164)	(8,708)	(8,281)	(7,792)	(7,288)
Kerikeri Waipapa Rivers Reserve					
Opening Balance as at 1 July	444	416	371	99	88
Increase/(Decrease) in Reserve throughout the year (operational transfer)	(13)	(29)	(42)	(11)	(12)
Increase/(Decrease) in Reserve throughout the year (capital transfer)	(15)	(15)	(230)	-	-
Closing Balance as at 30 June	416	371	99	88	76
Flood Infrastructure Reserve					
Opening Balance as at 1 July	-	(1,320)	(2,006)	(3,760)	(5,360)
Increase/(Decrease) in Reserve throughout the year (operational transfer)	559	445	380	253	149
Increase/(Decrease) in Reserve throughout the year (capital transfer)	(1,879)	(1,132)	(2,134)	(1,852)	(515)
Closing Balance as at 30 June	(1,320)	(2,006)	(3,760)	(5,360)	(5,725)
Whangārei Flood Infrastructure Reserve					
Opening Balance as at 1 July	-	(180)	(188)	(154)	(121)
Increase/(Decrease) in Reserve throughout the year (operational transfer)	60	37	33	34	34

	Year 1 2018/19 \$(000)	Year 2 2019/20 \$(000)	Year 3 2020/21 \$(000)	Year 4 2021/22 \$(000)	Year 5 2022/23 \$(000)
Increase /(Decrease) in Reserve throughout the year (capital transfer)	(240)	(45)	-	-	(15)
Closing Balance as at 30 June	(180)	(188)	(154)	(121)	(101)
Awanui Flood Infrastructure Reserve					
Opening Balance as at 1 July	-	(194)	(149)	(679)	(1,272)
Increase /(Decrease) in Reserve throughout the year (operational transfer)	354	301	277	200	127
Increase /(Decrease) in Reserve throughout the year (capital transfer)	(548)	(256)	(807)	(794)	(206)
Closing Balance as at 30 June	(194)	(149)	(679)	(1,272)	(1,351)
Kaeo Flood Infrastructure Reserve					
Opening Balance as at 1 July	-	21	30	(59)	(47)
Increase /(Decrease) in Reserve throughout the year (operational transfer)	21	21	19	12	12
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	(12)	(108)	-	-
Closing Balance as at 30 June	21	30	(59)	(47)	(35)
Infrastructure Facilities Reserve					
Opening Balance as at 1 July	(3,346)	(3,171)	(2,996)	(2,821)	(2,645)
Increase /(Decrease) in Reserve throughout the year (operational transfer)	175	175	175	175	175
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	(3,171)	(2,996)	(2,821)	(2,645)	(2,470)
Property Reinvestment Fund Reserve					
Opening Balance as at 1 July	22,773	23,046	23,323	23,602	23,885
Increase /(Decrease) in Reserve throughout the year (operational transfer)	273	276	280	283	286
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	23,046	23,323	23,602	23,885	24,171
Infrastructure Investment Fund Reserve					
Opening Balance as at 1 July	8,859	8,969	9,080	9,193	9,307
Increase /(Decrease) in Reserve throughout the year (operational transfer)	110	111	113	114	115
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	8,969	9,080	9,193	9,307	9,423
Equalisation Fund Reserve					
Opening Balance as at 1 July	846	765	1,001	910	836
Increase /(Decrease) in Reserve throughout the year (operational transfer)	80	235	(91)	(74)	(47)
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	765	1,001	910	836	789
Hatea River Reserve					
Opening Balance as at 1 July	169	117	64	12	12
Increase /(Decrease) in Reserve throughout the year (operational transfer)	(52)	(52)	(52)	-	-
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	117	64	12	12	12
Investment and Growth Reserve					
Opening Balance as at 1 July	2,160	328	534	386	285
Increase /(Decrease) in Reserve throughout the year (operational transfer)	(1,851)	(634)	(170)	(101)	(63)

	Year 1 2018/19 \$(000)	Year 2 2019/20 \$(000)	Year 3 2020/21 \$(000)	Year 4 2021/22 \$(000)	Year 5 2022/23 \$(000)
Increase /(Decrease) in Reserve throughout the year (capital transfer)	19	840	21	-	-
Closing Balance as at 30 June	328	534	386	285	222
Whangārei Transport Reserve					
Opening Balance as at 1 July	(48)	(48)	(55)	(57)	(53)
Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	(8)	(2)	4	5
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	(48)	(55)	(57)	(53)	(49)
Far North Bus Reserve					
Opening Balance as at 1 July	163	163	163	163	163
Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	-	-	-	-
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	163	163	163	163	163
LIDAR Reserve					
Opening Balance as at 1 July	-	-	-	-	-
Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	-	-	-	-
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	-	-	-	-	-
Emergency Services Reserve					
Opening Balance as at 1 July	-	34	78	(9)	34
Increase /(Decrease) in Reserve throughout the year (operational transfer)	34	43	(87)	43	43
Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-	-	-	-
Closing Balance as at 30 June	34	78	(9)	34	78
TOTAL SPECIAL RESERVES CLOSING BALANCE	19,274	20,170	18,297	17,211	17,926

Year 6 2023/24 \$(000)	Year 7 2024/25 \$(000)	Year 8 2025/26 \$(000)	Year 9 2026/27 \$(000)	Year 10 2027/28 \$(000)	
					Land Management Reserve
-	-	-	-	-	- Opening Balance as at 1 July
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
-	-	-	-	-	- Closing Balance as at 30 June
					Awanui River Reserve
-	-	-	-	-	- Opening Balance as at 1 July
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
-	-	-	-	-	- Closing Balance as at 30 June
					Kaihu River Reserve
14	1	-	-	-	- Opening Balance as at 1 July
(13)	(1)	-	-	-	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
1	-	-	-	-	- Closing Balance as at 30 June
					Whangaroa Kaeo Rivers Reserve
(1)	(1)	(1)	(1)	-	- Opening Balance as at 1 July
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
(1)	(1)	(1)	-	-	- Closing Balance as at 30 June
					Whangārei Urban River Reserve
(7,288)	(6,795)	(6,258)	(5,747)	(5,224)	- Opening Balance as at 1 July
493	537	511	523	583	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
(6,795)	(6,258)	(5,747)	(5,224)	(4,641)	- Closing Balance as at 30 June
					Kerikeri Waipapa Rivers Reserve
76	64	52	39	26	- Opening Balance as at 1 July
(12)	(12)	(13)	(13)	(13)	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
64	52	39	26	13	- Closing Balance as at 30 June
					Flood Infrastructure Reserve
(5,725)	(6,860)	(8,071)	(9,417)	(10,335)	- Opening Balance as at 1 July
135	73	14	(47)	(73)	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
(1,270)	(1,284)	(1,361)	(871)	(140)	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
(6,860)	(8,071)	(9,417)	(10,335)	(10,548)	- Closing Balance as at 30 June
					Whangārei Flood Infrastructure Reserve
(101)	(68)	(33)	2	37	- Opening Balance as at 1 July
34	34	35	36	36	- Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	- Increase /(Decrease) in Reserve throughout the year (capital transfer)
(68)	(33)	2	37	73	- Closing Balance as at 30 June
					Awanui Flood Infrastructure Reserve

Year 6 2023/24 \$(000)	Year 7 2024/25 \$(000)	Year 8 2025/26 \$(000)	Year 9 2026/27 \$(000)	Year 10 2027/28 \$(000)	
(1,351)	(1,783)	(2,254)	(2,743)	(3,063)	Opening Balance as at 1 July
112	65	20	(22)	(42)	Increase /(Decrease) in Reserve throughout the year (operational transfer)
(544)	(535)	(508)	(298)	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
(1,783)	(2,254)	(2,743)	(3,063)	(3,105)	Closing Balance as at 30 June
					Kaeo Flood Infrastructure Reserve
(35)	(23)	(28)	(96)	(171)	Opening Balance as at 1 July
12	10	7	-	(6)	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	(15)	(75)	(75)	(60)	Increase /(Decrease) in Reserve throughout the year (capital transfer)
(23)	(28)	(96)	(171)	(237)	Closing Balance as at 30 June
					Infrastructure Facilities Reserve
(2,470)	(2,295)	(2,120)	(1,945)	(1,769)	Opening Balance as at 1 July
175	175	175	175	175	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
(2,295)	(2,120)	(1,945)	(1,769)	(1,594)	Closing Balance as at 30 June
					Property Reinvestment Fund Reserve
24,171	24,461	24,754	25,051	25,351	Opening Balance as at 1 July
290	293	297	300	304	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
24,461	24,754	25,051	25,351	25,655	Closing Balance as at 30 June
					Infrastructure Investment Fund Reserve
9,423	9,539	9,658	9,777	9,898	Opening Balance as at 1 July
117	118	120	121	123	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
9,539	9,658	9,777	9,898	10,021	Closing Balance as at 30 June
					Equalisation Fund Reserve
789	778	716	669	610	Opening Balance as at 1 July
(11)	(62)	(47)	(59)	(47)	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
778	716	669	610	563	Closing Balance as at 30 June
					Hatea River Reserve
12	12	12	12	12	Opening Balance as at 1 July
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
12	12	12	12	12	Closing Balance as at 30 June
					Investment and Growth Reserve
222	166	118	79	51	Opening Balance as at 1 July
(56)	(48)	(39)	(28)	(16)	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
166	118	79	51	35	Closing Balance as at 30 June
					Whangārei Transport Reserve
(49)	(43)	(35)	(26)	(19)	Opening Balance as at 1 July

Year 6 2023/24 \$(000)	Year 7 2024/25 \$(000)	Year 8 2025/26 \$(000)	Year 9 2026/27 \$(000)	Year 10 2027/28 \$(000)	
6	7	9	7	4	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
(43)	(35)	(26)	(19)	(15)	Closing Balance as at 30 June
163	163	163	163	163	Far North Bus Reserve Opening Balance as at 1 July
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
163	163	163	163	163	Closing Balance as at 30 June
-	-	-	308	617	LIDAR Reserve Opening Balance as at 1 July
-	-	308	308	(617)	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
-	-	308	617	-	Closing Balance as at 30 June
78	(9)	34	78	(9)	Emergency Services Reserve Opening Balance as at 1 July
(87)	43	43	(87)	43	Increase /(Decrease) in Reserve throughout the year (operational transfer)
-	-	-	-	-	Increase /(Decrease) in Reserve throughout the year (capital transfer)
(9)	34	78	(9)	34	Closing Balance as at 30 June
<u>17,307</u>	<u>16,707</u>	<u>16,204</u>	<u>16,175</u>	<u>16,429</u>	TOTAL SPECIAL RESERVES CLOSING BALANCE

Equity represents the total value of the council and its assets and is measured by the difference between total assets and liabilities. Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses of accumulated surpluses.

The components of equity are:

- Retained earnings
- Council created reserves
- Asset revaluation reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves can be used to account for revenue and expenditure collected or incurred in relation to specific work programmes. Where the council sets and collects a targeted rate for a specific purpose, the funds can only be applied to that purpose, keeping track of surpluses and deficits of those work programmes in a reserves ensures the council is accountable and transparent.

Where reserves carry a deficit balance, they are deemed to have undertaken internal borrowing from the councils consolidated funds. Conversely, where the reserves carry a surplus, they are deemed to have loaned money to the councils' consolidated funds.

About council's reserves

Information about the council's reserve funds held for a specific purpose is provided in the following table:

Reserve name	Purpose	Activities that may be funded from reserve
Land management reserve	<p>This reserve was created to set aside land management rates collected but not fully used in any given year.</p> <p>The council is proposing to use this reserve to fund operating activities that would ordinarily be funded from the Land management rate. Using this reserve in this manner enables the council to keep rates affordable while continuing to provide positive operational outcomes. In the three years. The council is proposing to use \$233,756 in year 1 to contribute to the environment fund.</p> <p>While the Land management reserve maintains a positive balance it can be used to fund emergency events such as remedial storm expenditure on a case-by-case basis. The Chief Executive Officer has delegation to incur expenditure of up to \$500,000 to enable the council to fund agreed expenditure from this reserve. The criteria for acceptable expenditure are as follows:</p> <ol style="list-style-type: none"> 1. Matching of government and district contributions to provide financial assistance for repair work for significant events; 2. Restoration work affecting one or more rivers, following a major flooding event; 3. Urgent work to reduce the immediate flood risk; <p>Storm damage repairs within a special rating area under the relevant flood management plans.</p>	Civil defence and emergency management, natural hazard management, river management, land and biodiversity, biosecurity
Awanui River reserve	This reserve was created to hold any targeted Awanui River management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Awanui River flood management scheme. The deficit balance of this reserve will be repaid from the targeted Awanui River management rates collected from the rate payers within the area of benefit identified in the Awanui River flood management plan.	River management
Kaihū River reserve	This reserve was created to hold any targeted Kaihū River management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaihū River flood management scheme.	River management
Kāeo-Whangaroa River reserve	This reserve was created to hold any targeted Kāeo-Whangaroa River management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kāeo-Whangaroa River flood management scheme.	River management
Whangārei urban rivers reserve	This reserve was created to hold any targeted Whangārei urban rivers management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whangārei urban rivers management scheme. The deficit balance of this reserve will be repaid from the targeted Whangārei urban rivers management rates collected from residential and commercial ratepayer's in the Whangārei CBD and ratepayers in the water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea rivers catchments).	River management

Reserve name	Purpose	Activities that may be funded from reserve
Kerikeri-Waipapa rivers reserve	This reserve was created to hold any targeted Kerikeri-Waipapa rivers management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kerikeri-Waipapa rivers flood management scheme.	River management
Flood infrastructure reserve	This reserve was created to hold any targeted flood Infrastructure rates collected and unspent in any given year to cover any future funding shortfalls of Northland flood infrastructure schemes.	River management
Whangārei flood infrastructure reserve	This reserve was created to hold any targeted Whangārei flood infrastructure rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whangārei flood management scheme.	River management
Awanui flood Infrastructure reserve	This reserve was created to hold any targeted Awanui flood infrastructure rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Awanui flood management scheme.	River management
Kāeo-Whangaroa flood infrastructure reserve	This reserve was created to hold any targeted Kāeo-Whangaroa flood infrastructure rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kāeo-Whangaroa flood management scheme.	River management
Property Reinvestment Fund reserve	This reserve was established to hold the proceeds of a commercial property sales and acquisitions and includes the proceeds of a special dividend (capital) payment made by the Marsden Maritime Holdings Limited. The funds are general funds and are set aside to be reinvested in income producing assets. The fund invests monies in separate managed funds which has been earmarked to hold the funds pending the identification of approved property investments. The fund targets a reasonable return to produce an income akin to rents and relating capital appreciation of the property market so as to maintain the purchasing power of the capital base.	Economic development
Infrastructure Investment Fund reserve	This reserve was established to stabilise the impact of irregular large infrastructure projects on the council's income and capital requirements. It helps to spread the costs of such projects. The fund is also intended to provide more flexibility around when such large capital intensive projects can commence. The fund invests monies which has been earmarked for the approved infrastructure and economic development investments in external managed funds. The funds targets a moderate return, with capital protection and reasonable liquidity paramount in keeping with the Prudent Person rules of the Trustee Act. Low risk diversified income funds and diversified growth funds have been selected to achieve this.	River management
Equalisation Fund reserve	This reserve was created to set aside 50% of the council's forestry net income arising in any year. This reserve is intended to provide future funding of the council's general operating activities by allowing council to use these funds for any council activity to smooth future rating increases. It is further intended that this fund be used to fund the cost of forestry operations in non-harvesting	All

Reserve name	Purpose	Activities that may be funded from reserve
	years. Where a high degree of uncertainty exists around activity expenditure requirements, council has agreed to budget conservatively on the basis that if a budget overrun eventuates, these overruns can be funded from the Equalisation Fund reserve. The council considers that funding contingent expenditure and one-off spikes in expenditure from this reserve to be fairer on ratepayers as it can be used to reduce the effects of rates increases that are not required to be sustained.	
Hātea River maintenance reserve	<p>This reserve was created to set aside a component of the council services rate specifically levied across the Whangārei constituency to ensure funding is immediately available in the event dredging of the Hātea river is required. The funds may be applied to the following:</p> <ol style="list-style-type: none"> 1. Ongoing maintenance and dredging; 2. Disposal of dredged spoil material; 3. The provision of an annual hydrographic survey of the river. <p>The reserve is to be maintained at a targeted fund of up to \$400,000.</p>	Harbour safety and navigation
Investment and Growth reserve	This reserve was created to set aside the investment income redirected to be made available for activities and projects that contribute towards economic well-being. The council will allocate monies from the reserve to projects in accordance with set criteria.	Economic development
Whangārei transport reserve	This reserve was established to hold any targeted Whangārei transport rates collected and unspent in any given year to cover any future funding shortfalls of Whangārei transport service.	Transport
Far North transport reserve	This reserve was created to hold any targeted Far North transport rates collected and unspent in any given year to cover any future funding shortfalls of Far North transport services.	Transport
Emergency services reserve	This reserve was established to hold any targeted emergency services rates collected and unspent in any given year to contribute to any future funding shortfalls of emergency services funding.	Community representation and engagement
Approved carry forwards reserve	Approved carry forwards are amounts approved to be carried forward from one financial year to the next to enable specific work programmes to be completed. All carry forwards are approved by way of council resolution.	All
LIDAR reserve	This reserve has been created to spread the impact of significant LIDAR updates required in year 10 of the long term plan. To facilitate this, the council will collect rates over the final three years of the plan and transfer these to the reserve to make available for use in year 10.	Natural hazard management

All reserves displaying a deficit balance at 1 July 2018 have an associated targeted rate that will generate income over a certain time period in order to return the reserve to a credit balance.

Community Investment Fund

	Year 1	Year 2	Year 3	Year 4	Year 5
	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Forecast Opening Balance	13,260	14,221	15,215	16,245	17,312
Interest earned on funds	995	1,067	1,141	1,218	1,298
Transfer of investment income to investment & growth reserve	(34)	(72)	(111)	(151)	(194)
Forecast Closing Balance	14,221	15,215	16,245	17,312	18,417

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
18,417	19,561	20,745	21,968	23,231	Forecast Opening Balance
1,381	1,467	1,556	1,648	1,742	Interest earned on funds
(237)	(284)	(333)	(384)	(438)	Transfer of investment income to investment & growth reserve
19,561	20,745	21,968	23,231	24,535	Forecast Closing Balance

Investment and Growth Reserve

	Year 1	Year 2	Year 3	Year 4	Year 5
	2018/19	2019/20	2020/21	2021/22	2022/23
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Forecast Opening Balance	2,160	328	534	386	285
Northland Regional Council investment income transferred to reserve	1,700	1,700	1,700	1,700	1,700
Community Investment Fund investment income transferred to reserve	34	72	111	151	194
Payment to Northland Inc. Limited as operational funding	(1,247)	(1,274)	(1,302)	(1,331)	(1,361)
Payment to fund capital expenditure	(60)	-	-	-	-
Payments to fund projects	(2,385)	(1,185)	(685)	(618)	(585)
Payments to independent investment advisor	(20)	(21)	(23)	(24)	(26)
Interest earned on reserve and other deposits	145	914	51	21	16
Forecast Closing Balance	328	534	386	285	222

Year 6	Year 7	Year 8	Year 9	Year 10	
2023/24	2024/25	2025/26	2026/27	2027/28	
\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
222	166	118	79	51	Forecast Opening Balance
1,700	1,700	1,700	1,700	1,700	Northland Regional Council investment income transferred to reserve
237	284	333	384	438	Community Investment Fund investment income transferred to reserve
(1,393)	(1,426)	(1,462)	(1,498)	(1,537)	Payment to Northland Inc. Limited as operational funding
-	-	-	-	-	Payment to fund capital expenditure
(585)	(585)	(585)	(585)	(585)	Payments to fund projects
(28)	(29)	(31)	(33)	(35)	Payments to independent investment advisor
12	9	6	4	3	Interest earned on reserve and other deposits
166	118	79	51	35	Forecast Closing Balance

Financial prudence

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

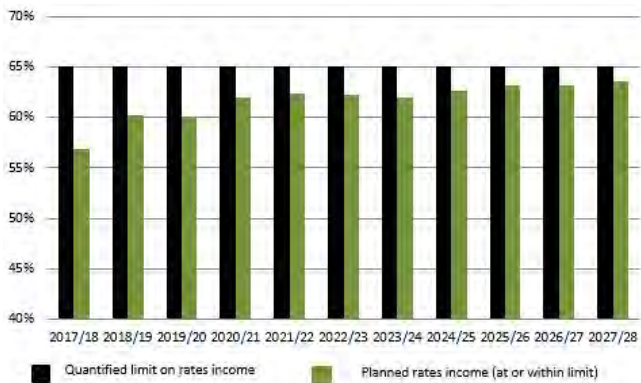
Rates affordability benchmarks

The council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

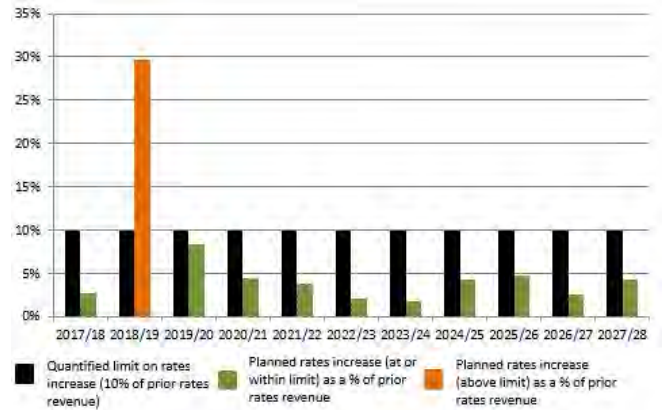
Rates income affordability

The following graph compares the council's planned rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is no more than 65% of total revenue.



Rates increases affordability

The following graph compares the council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan. The quantified limit is no more than 10% of prior years' rates revenue.



The rates increase in 2018/19 exceeds the proposed limit. This is due to the council recommending a number of programmes that allow them to meet community and central government expectations. This is considered an exceptional year and an opportunity to position council for the medium to long term. Ratepayers are asked to submit on the level and affordability of all of the new proposals.

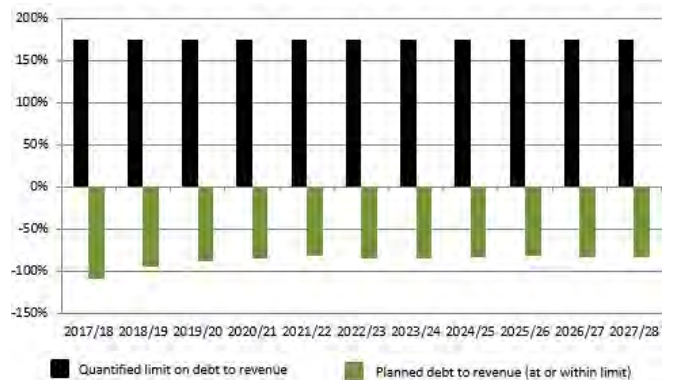
Debt affordability benchmarks

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graphs compare council's planned borrowing with quantified limits on borrowing stated in the financial strategy included in the council's long term plan.

Net debt to total revenue

The quantified limit for net debt as a proportion of total revenue is 175%.

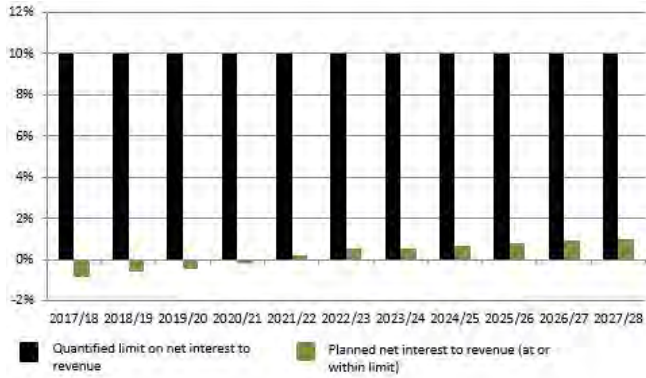


Northland Regional Council carries a significant value of investments categorised as non-current that could be liquidated if required.

The increase in the planned debt to revenue percentage is due to increased revenue and mostly static net debt during the long term plan reporting periods.

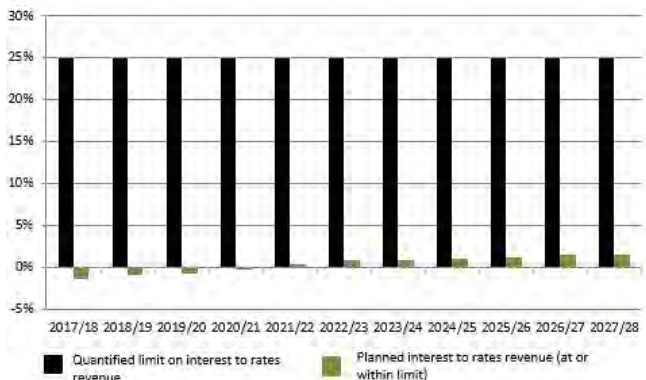
Net interest to total revenue

The quantified limit for net interest as a proportion of total revenue is 10%.



Net interest to annual rates revenue

The quantified limit for net interest as a proportion of annual rates revenue is 25%.



Liquidity

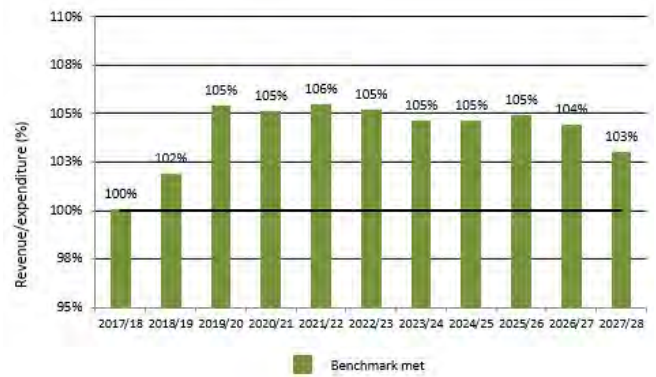
The quantified limit for liquidity is set as a minimum of 110%.



Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

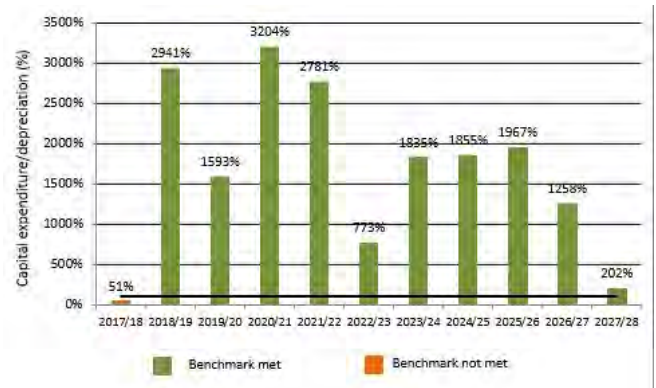
The council meets this benchmark if its revenue equals or is greater than its operating expenses. The benchmark is represented by the black line.



Essential services benchmark

The following graph displays the council's planned capital expenditure on network services (flood protection) as a proportion of depreciation on network services.

The council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. The benchmark is represented by the black line.



The 2017/18 year doesn't include high capital expenditure on flood protection and so falls below the benchmark.

Large flood protection capital expenditure projects from 2018/19 to 2021/22 are planned and increase the depreciation baseline for the subsequent years. For more information on these capital expenditure programmes refer to the river management activity section of this long term plan.

Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The benchmark is represented by the black line.



Financial policies Kaupapa here a Pūtea



Statement of significant accounting policies

Reporting entity

Northland Regional Council is a local authority governed by the Local Government Act 2002 and the Local Government (Rating) Act 2002 and is domiciled and operates in New Zealand.

The council's group comprises the council and its subsidiaries, namely:

- Marsden Maritime Holdings Limited (NZ) Ltd (53.61% owned);
- Northland Inc. Limited (100% owned);

All Northland Regional Council subsidiaries and associates are incorporated and domiciled in New Zealand.

The primary objective of Northland Regional Council is to provide goods or services and perform regulatory functions for the community benefit rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as Public Benefit Entities (PBE) for financial reporting purposes.

Reporting period

The prospective financial statements are for Northland Regional Council and are prepared for the ten year period ending 30 June 2028.

Judgements and estimates

The preparation of prospective financial statements in conformity with PBE Standards, which are based on International Public Sector Accounting Standards (IPSAS) and with the Local Government (Financial Reporting and Prudence) Regulations 2014 requires judgements, estimates and assumptions concerning the future that affect the application of policies and reporting amounts of assets and liabilities and income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Where material, information on the major assumptions is provided in the significant forecasting assumptions section of this annual plan or will be provided in the relevant notes to the prospective financial statements.

Basis of preparation

The prospective financial statements of Northland Regional Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand's generally accepted accounting practice (NZ GAAP).

These prospective financial statements have been prepared in accordance with NZ GAAP. They comply with NZ PBE (Tier1), IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

In the interests of transparency we provide three sets of financial information:

1. the Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive revenue and expense and the like;
2. a Funding Impact Statement (FIS); and
3. Long Term Plan disclosure statement as required by Schedule 6 of the Local Government (Financial Reporting and Prudence) Regulations 2014. This is under the heading Financial Prudence.

Key differences between these three sets of information are that the GAAP regulated financial statements – as the name suggests – must adhere to GAAP requirements.

The FIS is intended to make the sources and applications of council funds more transparent to its stakeholders than might be the case if only the usual GAAP financial statements were provided. The FIS is prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014 and is required by the Local Government Act 2002.

The long-term plan disclosure statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Statement of compliance

The prospective financial statements of the council and group have been prepared in accordance with the requirements of the Local Government Act 2002,

which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements comply with PBE accounting standards.

Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars which is the functional currency of Northland Regional Council.

Standards issued and not yet effective and not early adopted

Impairment of Revalued Assets (amendments to PBE IPSAS 21 and 26)

In April 2017, the External Reporting Board (XRB) issued Impairment of Revalued Assets, which now scopes in revalued property plant and equipment into the impairment accounting standards. Previously only property plant and equipment assets measured at cost were scoped into impairment accounting standards.

These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. The council will apply the impairment of revalued assets amendments in preparing its 30 June 2018 financial statements, and expects there will be no material effect in applying these amendments.

Interests in other entities

In January 2017 the XRB issued new standards for interest in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The council plans to apply the new standards in preparing the 30 June 2020 financial statements. The council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021 with early application permitted. The main changes under PBE IFRS 9 are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost

- a new impairment model for financial assets based on expected losses, which may result in earlier recognition of impairment losses
- revised hedge accounting requirements to better reflect the management of risks.

The council plans to apply this standard in preparing its 30 June 2022 financial statements. The council and group has not yet assessed the effects of these new standards.

Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Revenue

Revenue is measured at fair value.

Rates revenue

Rates are set annually by a resolution of council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised and brought to account when the rates are payable based on the council's best estimate of what is expected to be collected. Rate penalties arising from late payment are recognised as revenue when rates become overdue. Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy. These transactions are classified as non-exchange transactions.

Fees and charges

Fees and charges are recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services provided. The majority of this type of revenue is exchange transactions.

Grants and subsidies

Grants and subsidies are recognised as revenue when the primary conditions of entitlement have been met. These are non-exchange revenue transactions. Where a transfer is subject to conditions that, if unfulfilled, require the return of transferred resources, council recognises a liability until the condition is fulfilled.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to a customer.

Interest

Interest income is recognised using the effective interest method.

Other revenue – Dividends

Dividends are recognised when the right to receive payment has been established. Dividend income is budgeted at the cash amount received, being net of taxation imputation credits.

Rental revenue

Rental revenue from investment property is recognised in the surplus or deficit on a straight-line basis over the term of the lease.

Funds collected for other organisations

Funds are collected for other organisations, including central government. Any funds held at balance date are included in current liabilities. Amounts collected on behalf of third parties are not recognised as revenue, except for the commissions or fees earned.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the council are recognised as revenue when the control over the asset is obtained.

Infringement fees and fines

Infringement fees and fines are recognised when the infringement notice is issued.

Expenditure

Expenditure is recognised when goods and services have been received.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Personnel costs

Personnel costs includes salaries, wages, leave and other employee-earned compensation. Employer contributions to KiwiSaver and the National Provident Fund; Pension National Scheme, and Lump Sum National scheme are accounted for as defined contribution plans and are recognised in the surplus or deficit as incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded when the grant application meets specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the council has no obligation to award the grant on receipt of the grant application and are recognised as expenditure when the grant conditions have been satisfied.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. All the leases of the council and group are operating leases.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and other receivables

Short-term receivables and other receivables are recorded at their face value, less any provision for impairment.

A receivable is considered to be uncollectible when there is evidence that the amount due will not be fully collected. The amount that is uncollectible is the difference between the amount due and the present value of the amount expected to be collected.

Prepayments comprise significant items of expenditure having a benefit to more than one accounting period and are written off over the period to which they relate.

Inventories

Inventories (such as stores and materials) held for distribution or for use in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, or cost adjusted when applicable, for any loss of service potential.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The Marsden to Oakleigh rail corridor designation is accounted for at the council's share of the rail corridor component of the acquired land designation costs.

Other financial assets

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

The council's externally managed funds are classified in this category as they are evaluated and reported on a quarterly basis against the corresponding statement of investment policy and objectives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

At year-end the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

This category includes:

- investments that are intended to be held long term but which may be realised before maturity; and
- shareholdings that are held for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of the listed bonds increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through

continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at balance date. Fair Value is the price at which a property could be exchanged by knowledgeable and willing parties in an arm's length transaction. Fair Value is determined annually by independent valuers that hold recognised and relevant professional qualifications and who have recent experience in the location and category of the investment properties being valued. Values for investment properties valued under PBE IPSAS 16 have been assessed primarily on a market related basis where sufficient data is available. For commercial properties, rentals, investment return rates and land improvement levels have been related directly to a wide range of Northland sales evidence while for rural blocks direct sales analysis has been used.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – these include land, buildings, amenities, plant and equipment, navigational aids, vehicles and vessels and dredging equipment.

Infrastructure assets – infrastructure assets are the assets that comprise the The Hopua te Nihotetea detention dam, Awanui River flood management system and other river management schemes as they are developed, including stop-banks and floodgates.

Land – land is measured at fair value. Buildings (other than owner occupied buildings) and infrastructure assets are measured at fair value less accumulated depreciation. Forest land subject to the Emissions Trading Scheme (ETS) is the land under the forestry asset and is valued at historical cost.

All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Owner occupied freehold land and buildings and infrastructure assets are re-valued with sufficient regularity to ensure that their carrying value does not differ materially from fair value and at least every three years.

Net revaluation results

Net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be first recognised in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Capital projects in progress are recognised at cost less impairment and are not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council or group and the

cost of the item can be measured reliably. The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation and amortisation rates of major classes of assets have been estimated as follows:

Asset class		
Buildings	5-100 years	1-20%
Amenities	5-100 years	1-20%
Plant and equipment	2-20 years	5-50%
Navigational aids	5-20 years	5-20%
Vehicles	4-8 years	12.5-25%
Vessels and dredging equipment	3-25 years	4-33%
Infrastructure assets	8-100 years	1-12.5%

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

Infrastructural assets components include gates, pipes, outlets and stop banks. Depreciation is not provided for on stop-bank or rock revetment components of the infrastructure assets. Maintenance is carried out on these assets that is deemed to maintain them in perpetuity. An asset management plan has been prepared for the river management schemes.

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount the total impairment is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

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

Carbon Credits

Compensation units received at no cost from the crown are recognised at fair value at the date of receipt. The credits are recognised when they have been received and are recognised in the surplus.

New Zealand Units are re-valued annually and the net revaluation result is credited or debited to the surplus or deficit.

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit.

If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. Council's Forest Management Plan prescribes that replanting will always take place subsequent to any harvest.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually. The cost of an easement is capitalised as part of the asset to which they relate.

Amortisation

Intangible assets that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit

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

Intangible asset class		
Computer software	3-5 years	20-33%

Forestry assets

Forestry assets are independently re-valued, annually, at fair value less estimated point-of-sale costs.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs, and from a change in fair value less estimated point of sale costs, are recognised in the surplus or deficit.

Forestry assets are presented at their fair value as at 30 June 2017.

The costs to maintain the forestry assets are included as an expense in the surplus or deficit when incurred.

Investments in subsidiary (excluding CCOs) and joint venture company

The investment in subsidiaries is carried at cost in the council's parent entity financial statements

For jointly controlled assets (Council-KiwiRail Unincorporated Joint Venture), the council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its shares of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

Investments in council-controlled organisations

An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

The investment in the associate is carried at cost in the council's parent entity financial statement.

Payables and deferred revenue

Creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that council anticipates it will be used by staff to cover those future absences.

The council recognises a liability and an expense for bonuses where contractually obliged, or where there is a past practise that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement have been calculated on an actuarial basis. The calculations are based on the present value of the estimated future cash flows.

Presentation of employee entitlements

Retirement gratuities for employees up to the age of 60 are classified as a non-current liability. All other employee entitlements are classified as a current liability.

Borrowings

Borrowings on normal commercial terms are initially recognised at their fair value plus any transaction costs.

After initial recognition, borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Equity

Equity is the community's interest in the council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

- Accumulated funds
- Reserves:
 - Asset revaluation reserve
 - Fair value through other comprehensive revenue and expense reserve
 - Special reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the council.

The asset evaluation reserve relates to the revaluation of property, plant and equipment to fair value.

The Fair value through other comprehensive revenue and expense reserve comprises the cumulative net change in fair value of assets classified as fair value through other comprehensive revenue and expense.

Special reserves include reserves established by the council (and may be altered at the discretion of council) to isolate funds put aside for a specific purpose, and other reserves restricted by law and reflect targeted rates that must be applied to the specific activities for which the rates were collected.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables, and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Comparative figures

The comparative figures are the 2017/17 Annual Plan, and the audited 2016/17 Annual Report. The comparative figures for the opening balances are based on the Annual Plan 2017/18 and these are adjusted based on actual events to provide a more accurate opening position. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

Northland Regional Council has derived the cost of service for each significant activity of the council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Indirect costs are charged to significant operating activities using appropriate cost drivers such as actual usage and staff numbers.

Critical accounting estimates and assumptions

In preparing these prospective financial statements, estimates and assumptions have been made concerning the future. These estimated and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be a reasonable under the circumstances.

The estimation of the useful lives of assets has been predominantly based on historical experience. Useful lives are reviewed on an annual basis and adjustments are made when considered necessary.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the ten year period ended 30 June 2028.

The council has a number of leasehold properties and freehold properties they are in the process of selling directly to the lessee's or on the open market. These properties have therefore been accounted for as assets held for resale rather than investment property as it is assumed these sales will occur within the next 12 months.

The council's investment in Regional Software Holdings Limited has been treated as an associate. The council's Chief Executive Officer is on the board of directors, so the council considers that it holds significant influence over the financial and operating policies of Regional Software Holdings Limited

Prospective financial statements disclosures

The council publishes both parent entity and group financial statements for historical reporting purposes but does not publish group prospective financial statements. The council is required to disclose the reasons for not presenting group prospective financial statements.

The council has not prepared group prospective financial statements because:

- The primary focus of the annual plan is on the activities of the council (parent) and the consequent impact on rates.
- The financial impact of transactions with group entities is reflected with the annual plan for funding purposes.

Financial contribution policy

The council is required, under section 102(2)(d) of the Local Government Act 2002, to adopt a policy setting out the purposes for which development or financial contributions may be required. Development contributions are not available to regional councils. However, they can require financial contributions as a condition of a resource consent under section 108 of the Resource Management Act 1991 as long as this is provided for in the relevant regional plan. Financial contributions are a mechanism that provide an opportunity to compensate for adverse effects that cannot otherwise be avoided, remedied or mitigated.

The term “financial contribution” is defined in section 108(9) of the Resource Management Act 1991 to mean:

“... a contribution of:

- (a) Money; or
- (b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Māori Land Act 1993 unless that Act provides otherwise; or
- (c) A combination of money and land.”

Section 108(10) of the Resource Management Act 1991 requires the regional council to specify in a regional plan:

- The circumstances when such contributions may be imposed.
- The purposes for which such contributions may be required and used. The manner in which the amount of the contribution will be determined.

The following outlines the council’s policy for the use of financial contributions:

1. When the regional council grants resource consent under a rule in a regional plan, it may include a condition requiring that a financial contribution be made for the purposes specified in that plan.
2. The regional plan shall set out the matters which the regional council will have regard to when deciding whether to include a financial contribution and the type (or types) of contribution.
3. The appropriateness, type and the amount of financial contributions in any given circumstance is to be determined through reference to the relevant regional plan and after considering the

effects of the activity, the remediation and/or mitigation offered, submissions (where relevant) and consultation with the consent applicant.

4. As required by section 111 of the Resource Management Act 1991, all moneys collected by the council under the financial contributions provisions of a regional plan are to be used in reasonable accordance with the purposes set out in the relevant regional plan and for which the money was received.
5. The regional plans and the provisions and methodology for calculating financial contributions are available for public inspection at council offices.

Financial contributions may be required for various purposes, including to mitigate and/or offset adverse effects of an activity. Financial contributions can be applied where other conditions will not adequately address adverse effects or where the circumstances of an individual application point clearly to a financial contribution as the most appropriate option.

Council considers the use of financial contributions is an appropriate tool that should be available through the consent process to ensure effects of activities are appropriately managed. They also provide flexibility over how impacts of use and development are addressed through consent conditions.

Under section 106(2) of the LGA 2002, Council does not see a requirement for financial contributions to fund any capital expenditure to meet increased demand for community facilities resulting from growth. Therefore, the Long Term Plan does not provide for any capital expenditure to be funded by financial contributions.

Council considers that the detail on the circumstances when contributions may be charged and the purpose, type and level of contributions needs to be established in the relevant regional plan because:

- This is a requirement of section 108(10) of the RMA.
- It allows the purpose, type and level of contribution to be related to particular circumstances, resources and / or activities.
- They should be in the same document as the applicable provisions / rules.
- It provides an opportunity for consultation and input through the Schedule 1 process when changing the financial contribution provisions in a plan.

There are three operative regional plans for Northland, all of which contain financial contributions provisions that may be applied in the circumstances set out below in relation to each plan:

The Regional Air Quality Plan (Section 14.2)

- Emission of any contaminant with health or nuisance effects.
- Impacts on visibility, clarity and other amenity effects.
- The nuisance that arises from the release of dust, odour or smoke and other particulates.
- Adverse impacts on flora and fauna and the intrinsic value of ecosystems.
- Disturbance or degradation of any archaeological or culturally significant site.

The Regional Coastal Plan (Section 34.2)

- Maintenance or enhancement of public access to and along the coast
- Maintenance or enhancement of public recreational amenities in the coastal marine area
- Planting or maintenance of coastal vegetation
- Landscaping or planting
- Fencing or screening
- Protection, maintenance or restoration of heritage features
- Protection, restoration or enhancement of seabed and foreshore
- Reduction of litter
- Esplanade reserves or esplanade strips or access strips on reclamation
- General - mitigation works
- General - Environmental Compensation.

The Regional Water and Soil Plan (Section 38.2)

- Damage to riparian vegetation;
- Disturbance or re-alignment of river channels;
- Sedimentation of water;
- Nutrient enrichment of water;
- Riverbank erosion;
- Damage to river control or drainage works;
- Restriction of public access to or along the water body;
- Disturbance or damage of archaeological, culturally or ecologically significant sites.

Council notified a Proposed Regional Plan on 6 September 2017 (once finalised this will replace all three operative plans) – the Proposed Regional Plan also includes a Financial Contributions policy (Section G.3). The circumstances where a financial contribution may be applied in the Proposed Regional Plan are:

- Aquatic habitats of indigenous species
- Wetlands
- Discharges
- Disturbance to the foreshore or seabed and margins
- Public access to, along and within the coastal marine area
- Exclusive occupation of space
- General works
- Structures in the coastal marine area.

Note: the financial contribution provisions in the Proposed Regional Plan may be subject to change as a result of council decisions on submissions on the Proposed Regional Plan. Council expects to release its decisions late 2018 or early 2019 – these decisions may also be subject to appeal to the Environment Court.

It should also be noted that changes to the Resource Management Act 1991 in 2017, mean conditions requiring financial contributions cannot be applied after 18 April 2022.

Revenue and financing policy

Overview

The Local Government Act 2002 (LGA) requires the council to adopt a Revenue and Financing Policy, outlining the council's approach to funding its operating and capital expenses – in other words, how the council pays for what it does.

The council must manage its finances prudently and in a manner that promotes the current and future interests of the community. Generally, the council must make sure it has a "balanced budget", ensuring that operating revenue covers operating expenses.

The council can fund its activities from a range of sources outlined in section 103 of the Local Government Act. The council usually funds its activities from the following:

1. Targeted region-wide rates
2. Specific targeted rates
3. Income from investments
4. Fees and subsidies
5. Grants

The council also uses borrowing to fund its some of its activities.

Sources of funding for operating expenses

Targeted region-wide rates

The council typically funds activities that provide a community benefit or public good from targeted region-wide rates, because the benefit is wider than just specific users. It is usually impossible or impractical to identify customers or users, or to fully recover costs from those who benefit, or those who make the situation worse.

The council has elected to use six targeted region wide-rates as it considers these to be a more equitable approach than setting a general rate and uniform annual general charge. The level of targeted region-wide rates is based on the funding required to provide agreed council activities after identifying the other income sources.

Specific targeted rates

The council uses specific targeted rates where it provides services to a specific area or group within the regional community, but there is no mechanism to directly charge them. The activities funded may have a wider community benefit or public good, but

a group derives a direct or greater benefit from the provision of the activity. Where it is appropriate, only this group be targeted to pay for some or all of the service.

The council may also set a specific targeted rate for transparency and accountability reasons.

Income from investments

The council uses its investment returns (dividends, interest and rent) to reduce targeted region-wide rates. For the purposes of this policy we group investment returns with targeted region-wide rates, and refer to this group as 'rates/general funds'.

Some investment revenue will be diverted to the Investment and Growth Reserve to fund economic development activity.

Fees and charges

User charges are direct charges to identified individuals and/or groups:

- who use certain council services, or
- whose actions or inactions cause the council to provide the service.

In these instances, a benefit exists to clearly identifiable people and/or groups, so they are required to pay for all or part of the cost of using that service.

Fees and charges are set based on recovering either the full cost of the service, the marginal cost added by users, or a rate that the market will reasonably pay. Fees and charges are set in accordance with the council's Charging Policy.

Licence fees may be set by the council or by regulation, and may not always cover the full costs of the service. Enforcement fees are charged to achieve compliance and do not necessarily meet the full costs of the enforcement activity.

Borrowing

The council may use internal or external borrowing as per its Liability Management Policy to bring forward or accelerate operating expenditure. The cost and repayment of borrowing is to be funded from the same funding sources available to fund the specified activity.

Reserves and special funds

Reserve funds may be used to fund expenditure for specific purposes. In some circumstances, the reserves are a legal requirement. The council may establish additional reserves as and when required. Any funding surplus or deficit resulting from activities funded by way of targeted rates is set aside in a specified reserve to be used or repaid in subsequent financial years. Subject to meeting any specified conditions associated with these reserves, the council may expend money of an operating or capital nature from these reserves.

Proceeds from asset sales

Proceeds from asset sales will usually be used to provide funding for the acquisition of assets of a similar nature. The council may also elect to use the proceeds of asset sales to fund operating expenditure. The retention of strategic and investment assets and the application of investment returns (operating) to promote economic well-being, provides inter-generational equity. Unless the council resolves otherwise, proceeds from the sale of investment assets will be set aside for further reinvestment.

Financial contributions

Financial contributions will be applied in accordance with council's 'Financial contribution policy'.

Grants and subsidies

Central government and other third-party agencies provide various grants and subsidies for specified activities and projects.

Other funding sources: Use of surpluses from previous financial periods

Where the council has recorded an actual surplus in one financial period, it may pass this benefit on to ratepayers in a subsequent financial period. The council will not normally carry forward surpluses in relation to the sale of assets or revenue received for capital purposes.

Sources of funding for capital expenditure

Capital expenditure is generally funded from the same sources available to fund operational expenditure. While debt or internal borrowing may sometimes be used to provide the immediate funding needed to acquire an asset, repayment of the debt will be made from the same sources as operating expenditure.

Capital expenditure is funded from depreciation, general funds, targeted rates and borrowing as outlined below:

- Replacement of an asset: funded out of rates charged to recover depreciation. If funds are insufficient, then reserves or borrowing may be used to provide funding.
- New asset or the upgrade or increase in service potential of an existing asset: internal or external borrowings.

The funding of capital expenditure from the sale of surplus assets, restricted or special funds is decided on a case-by-case basis.

If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period. The council may impose a targeted rate to fund capital expenditure or repay the borrowings on an asset at a faster rate than over the full life of the asset.

Revenue and financing sources and mechanisms for the council's activities

The following table shows a summary of the funding sources for each activity, and the council's consideration of the factors under Section 101(3) of the Local Government Act 2002 when determining the appropriate funding sources for each activity. The factors considered for each activity were:

- The community outcomes to which it primarily contributes
- The distribution of benefits between:
 - the community as a whole
 - any identifiable parts of the community, and
 - individuals.
- The period the benefits are expected to occur
- How much the actions or inaction of individuals or a group contribute to the need for the activity
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

We have also considered the overall impact on the community of any allocation of liability for revenue needs. Over the course of this Long Term Plan, the council will borrow funds to pay for the capital infrastructure of our river management schemes. The maximum period of these loans is 30 years, and actual loan periods are determined after considering the extent of the capital works and the period of benefit, affordability and commitment of future generations.

Specific targeted rates will be collected from 2018/19 to ensure the council has sufficient funds to repay these loans as they fall due. The council will invest rates collected in managed funds until the loans are due to be repaid. By collecting rates immediately the council will receive investment returns which will offset the borrowing costs. This approach ensures the financial cost of borrowing, and hence the impact on the community (via the targeted rates they are required to pay each year) is reasonable.

Explanation of notations made in the table

Rates/general funds: includes targeted region-wide rates and general funding (including income from investments).

Full: All, or almost all, of the cost of the activity is funded from that source.

If the comment is made regarding rates/general funds, it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the total funding.

Majority: Most of the service is funded from this source.

When used in reference to fees and charges, it reflects the view that the services should be recovered from users but that legislation imposes some constraints which may mean that full recovery is not possible.

Residual: A portion of funds comes from this source.

When used in reference to fees and charges, it reflects that in some circumstances there are constraints on council charges, or that the alternative revenue source may include enforcement revenue which is imposed to achieve compliance and may not always cover the costs of enforcement.

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
Governance and Engagement		
<p>The Local Government Act 2002 requires councils to work with the community to make and implement key decisions. Both the community and council benefit immediately and in the long term from the community's contribution towards the council's decision-making. Community representation is a public good which contributes to safe and resilient communities.</p>	<p>Governance: Community Representation</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The Local Government Act 2002 requires councils to work with Māori to make and implement key decisions. Māori Engagement is a public good, which contributes to prosperous relationships with tangata whenua, and ensures safe and resilient communities. Both the community and council benefit immediately and in the long term from improved decision making and representation.</p>	<p>Māori Engagement</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community desires knowledge of, and involvement in, council activity. The council needs community buy-in with its activities. Communication is a public good which contributes to safe and resilient communities. Both the council and community benefit in the immediate and long term from better community understanding of, and engagement and involvement in, council activities.</p>	<p>Communication and Engagement: Communication</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community desires knowledge of, and involvement in, council activity. The council needs community buy-in with its activities. Online communication and engagement is a public good which contributes to safe and resilient communities. Both the council and community benefit in the immediate and long term from better community understanding of, and engagement and involvement in, council activities.</p>	<p>Communication and Engagement: Online</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community wants the environment to be maintained or improved. Environmental education supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The community benefits from the opportunity to learn about and participate in the sustainable use, development and protection of the region's resources. The benefits are ongoing, but there is immediate benefit to the recipients. While some individuals (children and schools) may derive private benefit, the cost of providing this activity by imposing user charges on the recipients would potentially make the programme unaffordable for the direct recipients.</p>	<p>Communication and Engagement: Environmental Education</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>The community wants to improve regional wealth. Economic development activities support Northland having a thriving regional economy, and have public and private benefit in both the immediate and long term. The regional community benefits from an improved economic climate and the flow-on effect of increased economic growth, which includes improved economic activity, employment and income opportunities. Individuals and businesses benefit directly from increased economic opportunities, and the tourism sector benefits from sector support and promotion. Targeted rates may be set to provide transparency and accountability regarding the provision of specific activities.</p>	<p>Economic Development: Economic Development Activities</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds (Investment and Growth Reserve) - Majority ● Income from Community Investment Fund - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community wants to improve regional wealth. Economic development projects support Northland having a thriving regional economy, and have public and private benefit in both the immediate and long term. The regional community benefits from an improved economic climate and the flow-on effect of increased economic growth. Individuals and individual businesses benefit directly from increased economic opportunities flowing out of specific initiatives. Funding these projects from targeted rates ensures transparency and accountability.</p>	<p>Economic Development: Projects</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Targeted rate - Majority ● Rates/general funds (Investment and Growth Reserve) - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Targeted rates - Full
<p>The community desires regional infrastructure, including sporting facilities. The regional community benefits from improved infrastructure and economic activity, contributing to a thriving regional economy. Individuals and businesses will benefit from direct use of the infrastructure. The benefits accrue both in the immediate and long term. Funding from targeted rates ensures transparency and accountability.</p> <p>Capital expenditure includes any interest and capital repayments where debt is raised. This includes the Marsden Point Rail Link.</p>	<p>Economic Development: Infrastructure</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Targeted rates - Full <p><i>Capital expenditure:</i></p> <ul style="list-style-type: none"> ● Targeted rates - Full
<p>Regulatory Services</p>		
<p>The entire community desires a well-structured and effective region, and benefits from integrated regional policies and plans which provide for the sustainable management of Northland's resources. This activity is a public good, which supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The benefits accrue both in the immediate and long term.</p>	<p>Planning and Policy</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Applicants must seek consent under the Resource Management Act 1991 (RMA) and the Building Act 2004. This process contributes towards safe and resilient</p>	<p>Consents activity: Consent applications</p>	<p><i>Operating expenditure:</i></p>

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>communities, and continuous improvement in water quality and security of supply. The regional community gains assurance that activities requiring consent are in accordance with regional policies and the RMA. RMA and building (dams) consent holders directly benefit from gaining compliance and holding consent. The benefits of these services accrue both in the immediate and long term. Processing resource consent applications is considered to be largely private good, with an element of public benefit. The allocation of costs to those who benefit from the services or cause such costs, is beneficial as the community does not have to bear such costs.</p> <p>Capital costs are minor and as they do not directly relate to individual consent applications, they are funded from rates/general funds for efficiency reasons.</p>		<ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Individuals may require information and advice on the lawfulness of intended, proposed or existing activities. The regional community benefits from informed participation and decision making. Resource users benefit from guidance on regulation, appropriate use and development of resources. These services support safe and resilient communities and efficient and effective service delivery, and the benefits accrue both in the immediate and long term. We consider the provision of consents advice and information to be a public and private good. The public good is served by the informed ease of transacting and engaging with the council. Private good exists where advice relates to applications where individuals derive a direct benefit. Fees can be charged for some advice, as per the council's Charging Policy.</p>	<p>Consents activity: Consents advice and information</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The regional community benefits from improved knowledge and management of the regional environment. This activity is a public good which supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The benefits accrue in in the immediate and long term.</p>	<p>Monitoring: State of the Environment monitoring</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Need is created by individuals who have consents and those whose actions or inactions risk or harm the environment. The local and regional communities benefit from environmental protection via the monitoring, enforcement and clean-up actions carried out by the council. This activity supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The benefits of these services accrue both in the immediate and long term. This activity is mostly a private good, however compliance provides public benefit. The allocation of costs to those who benefit from the services,</p>	<p>Monitoring: Compliance monitoring, environmental incidents response and waste management and contaminated sites</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority (Licence and Enforcement fees) ● Rates/general funds - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
or those who cause such costs, is beneficial to the community, as the community does not have to bear such costs.		
Environmental Services		
Individuals and communities live or plan development in areas that are subject to natural hazards. Natural hazard management supports safe and resilient communities, and the benefits accrue immediately and in the long term. Individuals and the community benefit from reduced risk to property, projection losses and loss of life. Community wide benefit includes hazard identification and risk reduction analysis throughout the region. Hazard management is primarily a public good, with an element of private benefit to individuals and groups of individuals.	Natural Hazard Management	<i>Operating expenditure:</i> <ul style="list-style-type: none"> ● Rates/general funds - Full <i>Capital expenditure may be required:</i> <ul style="list-style-type: none"> ● Rates/general funds - Full
The community wants advanced warning of water risks, and to have our water resource sustainably managed. Hydrology monitors and reports on water quantity (rainfall, groundwater, surface water, rivers and lakes), which contributes to continuous improvement in water quality and security of supply, and safe and resilient communities. Individuals and the community benefit from early notification of rainfall in significant rivers, and management of Northland's water resources. There is community wide benefit from monitoring and understanding our various water resources and information. The benefits of these services accrue both in the immediate and long term. Hydrology activity is primarily a public good with an element of private benefit to individuals and groups of individuals. Fees and charges are levied for compliance related activities.	Hydrology	<i>Operating expenditure:</i> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <i>Capital expenditure may be required:</i> <ul style="list-style-type: none"> ● Rates/general funds - Full
The community wants animal and plant pests to be controlled, and our region's unique ecosystems to be protected. The regional community benefits both in the immediate and long term from the enhancement of indigenous biodiversity and biosecurity in Northland, and from the contribution towards a thriving regional economy through increased land productivity. We consider the provision of biosecurity activities to be largely a public good, with an element of private benefit, where pest control is provided to individuals and/or groups of individuals.	Biosecurity	<i>Operating expenditure:</i> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <i>Capital expenditure may be required:</i> <ul style="list-style-type: none"> ● Rates/general funds - Full
Individuals and the community may compromise the environment, or may wish to foster and enhance the environment. They benefit in the immediate and long term from improved image, retention/enhancement of productive values of land, reduction in adverse effects, and enhancement of priority ecosystems/natural	Biodiversity	<i>Operating expenditure:</i> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>resources. The wider community benefits from the enhancement of indigenous biodiversity and biosecurity. The provision of biodiversity activity is considered to be a public good. However, there can be an element of private benefit, where Environment Fund grants and activities are provided to individuals or a group of individuals. Beneficiaries of the Environment Fund must also provide a significant contribution towards the projects.</p>		<p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds – Full
<p>Individuals and the community may compromise the environment, or may wish to foster and enhance the environment. They benefit in the immediate and long term from improved image, retention/enhancement of productive values of land, reduction in adverse effects, and enhancement of priority ecosystems/natural resources (improved water quality, reduced run-off and sedimentation and reduced frequency of flooding). The wider community benefits from the enhancement of indigenous biodiversity and biosecurity. The provision of land and water activity is considered to be a public good. However, there can be an element of private benefit, where Environment Fund grants and activities are provided to individuals or a group of individuals. Beneficiaries of the Environment Fund must also provide a significant contribution towards the projects.</p>	Land and Water	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds – Majority • Fee/subsidy – Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds – Full
<p>River Management</p>		
<p>Individuals and the public require flood risk reduction when living or undertaking developments in flood risk areas. The community benefits from reduced incidence of damaging floods in Northland. Individual land owners benefit from the reduction in property damage and primary projection losses. The benefits of these services support safe and resilient communities, and accrue both in the immediate and long term. We consider river management works to be both a private and public good. Where specific works are carried out, the council considers the public good element to be paramount, and also considers each community's ability to pay additional targeted rates. As such, rates/general funds fund the majority of these works.</p> <p>The use of targeted rates to partially fund each river scheme promotes accountability and affordability as residents and business weigh up the costs of flood protection works against the level of risk. The council recognises it may not be realistic or cost effective to precisely identify either direct beneficiaries on the flood plain or indirect beneficiaries in the economic catchment, and proxies will need to be used. It will not always be feasible for the council to recoup costs from some types of beneficiaries. Exception: Should the cost of collecting</p>	River Management: Flood protection works river management	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds – Majority • Targeted rates – Residual • Fee/subsidy – Residual <p><i>Capital expenditure on river asset infrastructure is undertaken as part of this activity:</i></p> <ul style="list-style-type: none"> • Rates/general funds – Majority • Targeted rates – Residual

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>a separate targeted rate on small schemes exceed the benefits, then those works will be funded from rates/general funds.</p> <p>Capital expenditure includes any interest and capital repayments where debt is raised. This includes river management infrastructure.</p>		
<p>Customer Services and Community Resilience</p>		
<p>The community wants to access council information and services and to transact with the council. The provision of customer services supports efficient and effective service delivery, and is also used to support prosperous relationships with tangata whenua. The community benefits from having easy access to council information and services, and the council benefits from closer relationships with the community, and improvement in its reputation. These benefits accrue immediately and in the long term. We consider customer services to be largely a public good, with an element of private benefit, where information and support is provided to individuals.</p>	<p>Customer Services</p>	<p><i>Operating expenditure:</i></p> <p>Rates/general funds - Full</p>
<p>The community desires the response capability and advanced warning provided in emergency events, and benefits from these services. The maintenance of a response capability and planning for major emergency events benefits the regional and national community. The benefits of these services accrue both in the immediate and long term. Civil defence and emergency response is a public good which supports safe and resilient communities. It benefits all individuals and landowners during emergency events, so the majority is funded from rates/general funds.</p>	<p>Civil Defence and Emergency Management</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community wants to have access to emergency and rescue services, and the on-going provision of other community projects. We consider these activities to be public goods which contribute to safe and resilient communities. The wider community benefits include reduced risk to loss of life and having a safer region, and occur both immediately and in the long term.</p> <p>Given the reasonably small quantum of funding, the council has deemed it appropriate to use rates/general funds to fund community organisations via the non-contestable funding process.</p> <p>To provide transparency to the ratepayers, council has deemed it appropriate to set a targeted rate for the funding of organisations involved in volunteer emergency services activities in the region.</p>	<p>Civil Defence and Emergency Management: Funding for community projects and volunteer emergency services</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Targeted rates - Majority ● Rates/general funds - Residual

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>Fuel tankers visit Marsden Point Oil Refinery, which constitutes a major oil spill risk. The local commercial tourism service and fishing fleets and the substantial recreational vessel fleet use the region's coastal waters and associated refuelling facilities. The council's Oil Pollution Response supports safe and resilient communities, and a thriving regional economy. The regional and wider communities benefit from clean seas and coastal environment, and commercial shipping benefits from a spill response system and the availability of resources for clean-up of spills. The benefits of these services accrue both in the immediate and long term. Where evidence permits, the council will seek to charge the exacerbator, however it is not always feasible or cost effective to do so.</p>	Oil Pollution Response	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual <p><i>Capital expenditure may be required:</i></p> <p>Rates/general funds - Full</p>
<p>Need is created by recreational and commercial coastal water users. Harbour safety and navigation supports safe and resilient communities. The provision of harbour safety and navigation services provides both public and private benefits, which accrue both in the immediate and long term. The regional community benefits from safer coastal areas for recreation. The public, including commercial and recreational users, benefits from safe water transport and the provision of services. Charges are levied on larger vessel and coastal structure owners, as direct beneficiaries, in accordance with the Navigation, Water Transport and Maritime Safety bylaw and the council's Charging Policy. The application of user charges promotes transparency and accountability and reduces the rating requirement on the community.</p> <p>Capital expenditure is required for property plant and equipment (including cyclical renewal of vessels, vehicles and navigational aids) to carry out this activity.</p>	Harbour Safety and Navigation	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual <p><i>Capital expenditure is required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Legislation requires, and the community desires, an integrated transport network. Regional Transport Management is a public good which supports efficient and effective land transport policies and public transport, and safe and resilient communities. The regional community benefits from the provision of an affordable, integrated, safe, responsive and sustainable transport system. The benefits are on-going, however there is immediate benefit to the transport users.</p>	Transport: Regional Transport Management	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community desires access to public transport services and total mobility schemes. Passenger Transport Administration supports efficient and effective land transport policies and public transport, and safe and resilient communities. The entire Whangārei district benefits from the provision of community passenger</p>	Transport: Passenger Transport Administration	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual ● Targeted rates - Residual

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>transport services, including the flow on effects of reduced congestion and improved road safety in Whangārei urban areas where passenger services operate.</p> <p>Where public transport is provided in other areas across the region there is both community and individual benefit. The community benefits from having individuals being able to engage in day-to-day activities. The individual benefits from being able to travel and access the community when they otherwise might not be able to do so. The benefits of these services are immediate at the time of using the service/transport. The region benefits from the provision of a passenger transport system.</p> <p>Each bus service is funded from a combination of central government funding (where available), user fees and charges and a targeted rate. This combination of funding promotes affordability and transparency and allows the council to take advantage of available subsidies. Setting user fees at an affordable level is intended to encourage and promote use of the bus service.</p>		<p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds – Full
Corporate Excellence		
<p>Corporate Excellence provides corporate services to the rest of the council, including finance, human resources, health and safety, continuous improvement, information management, information technology, the Chief Executive Officer (CEO) Office and property. This activity is a public good which supports efficient and effective service delivery. Corporate services are allocated to activities based on relevant cost drivers.</p>	<p>Corporate Services: All except Commercial Investments and Regional Sporting Facilities</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Majority • Fee/subsidy - Residual <p><i>Capital expenditure is required:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full
<p>Commercial investment activity supports improved returns on council investments, and a thriving regional economy. The community desires that the council's commercial investments are managed prudently for the benefit of current and future ratepayers. The regional community benefits immediately and in the long term from the direct investment income generated from commercial investments, as this revenue is applied to fund council operations, including economic development, and helps to keep rates affordable. The community also benefits from any wider economic development gains that may accrue from investment and commercial decisions.</p> <p>Operating: We consider the entire revenue streams and capital growth associated with investment activities are a public good.</p> <p>Capital: Investments can be tailored to achieve a mix of financial and strategic objectives. The growth of council investments, through further investment and capital</p>	<p>Corporate Services: Commercial Investments</p>	<p><i>Operating:</i></p> <ul style="list-style-type: none"> • Rates/ general funds - Majority • Fee/subsidy - residual <p>Commercial investments provides net investment revenue funding to contribute towards rates/general funds</p> <p><i>Capital expenditure may relate to specific commercial development projects:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>appreciation promotes intergenerational equity, which ensures assets are available for future benefit of the community.</p>		
<p>The community desires sporting facilities across the region. This is demonstrated by the development of the Regional Sports Facilities Plan. Supporting the development of regional sporting facilities has public and private benefit both in the immediate and long term. The regional community benefit from an increased number of sporting facilities that are suitable for regional use. Individuals benefit from improved access to sporting facilities, which can benefit their health and social outcomes. Funding from targeted rates ensures transparency and accountability.</p>	<p>Corporate Services: Regional Sporting Facilities</p>	<p><i>Operating:</i> Targeted rates - Full</p>

Other policies
Ngā kaupapa here



Policy on fostering Māori participation in council processes

Kaupapa here whakaurunga mo te iwi Māori

Te Horopaki Ture

Ko te Ture a te Komihana 2002 (LGA) e mohio ana i te whanaungatanga i waenganui i te Māori me te Karauna i raro i te Tiriti o Waitangi. Ko te wāhanga 4 o te LGA e whakātu ana:

Kia mohio ai, kia whakaute hoki te kawenga a te Karauna ki te tango i nga korero tika mo nga kaupapa o te Tiriti o Waitangi me te whakapai me te whakapai ake i nga whai whaitanga mo nga Māori ki te uru atu ki nga tukanga whakatau kaupapa a te kawanatanga, kei roto i nga Wahanga rua me te wahanga ono nga tikanga me nga whakaritenga mo nga kaunihera a rohe ko nga mea e hiahiatia ana hei whakauru i te whai wāhi a nga Māori i roto i nga tukanga whakataunga a te rohe.' Me whakarato e te Kaunihera nga tikanga me nga whakaritenga a te LGA hei whakauru i te whai wāhi a nga Māori i roto i nga whakahaere whakatau a rohe.

Ko te Wahanga 81 o te LGA e whakarato ana i te whai wāhi a nga Māori ki te whakatau kaupapa ma te tono i nga mana o te rohe ki te:

- Whakarite me te pupuri i nga tukanga ki te whakarato i nga whai wāhitanga mo nga Māori ki te whai wāhi ki nga tukanga whakataunga o te mana o te rohe; a
- Whakārohia nga huarahi hei whakatairanga i te whakawhanaketanga o te raukaha o te Māori ki te whai wāhi ki nga tukanga whakataunga o te mana o te rohe; a
- Te whakarato i nga korero tika ki te Māori mo nga kaupapa o nga paraka (a) me (b).

E hiahiatia ana te Kaunihera ki te whakātu i roto i ta ratou Mahere Pāri roa, nga huarahi katoa e hiahia ana ratou ki te kawe ki te whakatairanga i te whakawhanaketanga o te kaha o te Māori kia whai wāhi ai ki nga whakatau whakatau a te kaunihera.

Ko te Ture Whakahaere Rauemi 1991(RMA) e whakatairanga ana i te whakahaere taumau o nga rauemi taiao me te oranga tinana. E mohio ana hoki te RMA i te whanaungatanga i waenga i te Māori me te Karauna, me nga kaunihera ki te whakāro ki nga kaupapa o te Tiriti o Waitangi (wāhanga 8) i te wa e mahi ana i nga mahi.

Legislative context

The Local Government Act 2002 (LGA) recognises the relationship between Māori and the Crown under the Treaty of Waitangi. Section 4 of the LGA states:

'In order to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes, Parts 2 and 6 provide principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes.'

Councils must provide for the principles and requirements of the LGA to facilitate participation by Māori in local authority decision-making processes.

Section 81 of the LGA provides for Māori participation in decision-making by requiring local authorities to:

- *establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and*
- *consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and*
- *provide relevant information to Māori for the purposes of paragraphs (a) and (b).*

Councils are required to outline in their Long Term Plan, any steps that they intend to take to foster the development of Māori capacity in order to contribute to council decision-making.

The Resource Management Act 1991(RMA) promotes the sustainable management of natural and physical resources. The RMA also recognises the relationship between Māori and the Crown and requires councils to take into account the principles of the Treaty of Waitangi (section 8) when undertaking its functions.

Ngā uara a te Kaunihera

E ai ki te whaingā matua a te Kaunihera 'Te mahi tahi ki te hanga i te taiao hauora, te kaha o te ahumahi, me nga hapori whaitake'.

Ko te tirohanga a te Kaunihera e whakātu ana i tetahi rohe e mahi ngātahi ana hei oranga mo te heke mai. I runga i nga kawenga ture ki nga Māori, ki te whakauru ia ratou ki te whakauru atu ki nga tukanga a te kawanatanga, ko te kaupapa arotahi mo te kaunihera ko te whakatairanga i te 'Te mauritau hononga me te tangata whenua'.

Me whai whakāro tenei tika ki nga mea katoa o te pakihi a te kaunihera. Hei awhina i te kaunihera me nga kaimahi, me te whai hua, ka mahi te kaunihera ki te whakarite i nga Māori (o mua, a mua me o rānei) ka whakanuihia a rātou ahurea me o ratau tikanga ki a mātou mahi.

Te Tiriti o Waitangi

Ko Te Taitokerau te iwi tuarua o nga kaunihera rohe puta noa i Aotearoa, me te toru o nga roopu o te rohe e tohu ana he Māori.

Ka tautoko te Kaunihera i te hiahia a te Karauna ki te tautoko i nga kaupapa o te Tiriti o Waitangi, kia rite ki nga tikanga o te kawanatanga me te ture whakataunga Tiriti.

Ko enei whanaungatanga me to ratau mohiotanga e hiahia ana te Kaunihera ki te mahi me te Māori ki te whakatenatena, ki te whakauru i te whakauru a te Māori i roto i nga whakahaere a te kaunihera ki nga huarahi hei whakatutuki i o raatau hiahia me o wawata, me nga putanga ā-rohe.

Whanaungatanga

Ka mohio te Kaunihera ki te hiahia kia whakapumautia te whanaungatanga kia taea ai te whakauru i nga Māori ki roto i tana whakataunga. Ki tenei ko te whakaaro, kua whakaturia e te Kaunihera he maha o nga hononga matua puta noa i te ao, a, ka kaha ki te pupuri me te whakapakari i enei.

Ko te whanaungatanga matua ko te Rōpū Mahi Tai Tokerau me te Kaunihera (TTMAC). Ko te roopu mahi kaha 30 ko nga mema o te iwi me te hapū me nga kaitohutohu, me te kaupapa matua kia 'whakatairanga i te tauira o te mahi Māori e tautoko ana i nga kaupapa o te taiao me te hauora puta noa i te rohe'.

Ko te Kaunihera ano hoki i te timatanga o te hanganga o te hononga a rohe me nga Heamana a Iwi, ka kaha ake te whakapakari i te hononga ki nga rohe o nga Iwi Chief Executives.

Council's values

Council's mission says 'Working together to create a healthy environment, strong economy and resilient communities'.

Council's vision articulates a region working together for a sustainable and thriving future. With statutory obligations to Māori, to empower them to participate in local government processes, a key focus area for council is through fostering 'Enduring relationships with tangata whenua'.

This commitment needs to be reflected across all aspects of council business. To help guide council and staff, and be effective, council will work towards ensuring Māori (past, present and future), their cultural and traditions, are valued and reflected in our work.

Treaty of Waitangi

Te Taitokerau has the second largest Māori population of regional councils across New Zealand, with approximately a third of the region's population identifying as Māori.

Council supports the intention of the Crown to uphold the principles of the Treaty of Waitangi as prescribed in local government and Treaty settlement legislation.

These relationships and their recognition require council to work with Māori to encourage and enable the participation of Māori in council processes in ways that meet their needs and aspirations as well as regional outcomes.

Relationships

Council recognises the need to establish enabling relationships in order to facilitate the inclusion of Māori in its decision-making. With this in mind, council has established a number of key relationships across Māoridom and is committed to maintaining and strengthening these.

A key relationship is the Tai Tokerau Māori and Council (TTMAC) Working Party. The 30 strong working party consists of iwi and hapū members and councillors, with its key purpose 'to advance a model of Māori engagement that supports environmental and economic priorities across the region'.

Council is also in the early stages of establishing a regional level relationship with Iwi Chairs which will further strengthen existing relationship with the regions Iwi Chief Executives.

Te honohono me nga korero

E mohio ana te Kaunihera kia pai ai te uru o te Māori ki roto i nga whakataunga a te kaunihera kia whakaratohia nga korero whaitake me ngawari kia mohiohia i te wa e tika ana me te ahua e tika ana.

Ka whakaae hoki te Kaunihera kia hiahiatia nga kaimahi me nga tikanga tika kia taea ai te rere o nga korero me te taunekeneke ki te iwi Māori.

Te whakatairanga i te whai wāhi a te Māori

Ko nga mahinga o te kaunihera ki te whakanui i te kaha me te whakarato i nga whai wāhitanga mo nga Māori ki te whai ki nga whakataunga a te kaunihera:

- Te tautoko me te mahi a te Ropu Mahi TTMAC hei huarahi mo te whakauru ki te whakatau whakatau a te kaunihera; me te huarahi hei hanga i te kaha o te hapori whanui Māori ki te whai ki nga whakatau a te kaunihera.
- Whakaaauau tonu ki te tautoko i te whakahaere tonu a te Rangahau Whakangungu Hangarau Māori (he roopu o te TTMAC Working Group), ki te whakarato i nga whakauru hangarau wawe ki nga mahere a te kaunihera.
- Whakamahia i mua i te whiriwhiringa me nga Māori ki nga tukanga whakamahere RMA katoa.
- Te whakatenatena me te tautoko i te whanaungatanga whanaketanga whakawhanake me nga rohe o nga Iwi.
- Kia mau tonu, kia tupu te whanaungatanga i waenga i nga Kaiwhakahaere Matua o nga rohe Mana Whenua me te Kaunihera, me te akiaki i nga kaunihera rohe katoa kia uru mai.
- Whakamahia he hōtaka hei whakarei i te mana ahurea o te kaunihera.
- Te haere tonu ki te whakarato i te tautoko moni mo te tuhi me te arotake i nga mahere whakahaere a te iwi me te hapori (e mohiotia ana e te mana o te iwi).
- Whakaritea tonu te whakahaere i tetahi papaaratu whakapiri whakawhitinga reo Māori hei whakahaere, hei whakahoahoatanga hoki i waenga i te Kaunihera me te Māori.
- Tuhia nga kape o nga whakaaetanga rauemi ki nga marae (hapu me nga iwi) e uru ana ki te kaunihera.
- Me whakarite i te taumata tika o te hangarau ahumahi me te tautoko ahurea e whakaratohia ana mo nga kaimahi me nga kaunihera.

Liaison and information

Council understands that, in order for Māori to effectively input into council's decision-making, that the provision of relevant and easily understood information must be provided in a timely manner and in a form that is appropriate.

Council also recognises the need to have appropriate staff and mechanisms in place to enable the flow of information and interaction with Māori.

Fostering Māori participation

Specific steps council will take to foster capacity and provide opportunities for Māori to contribute to the decisions of council are:

- *Support continuation and operation of the TTMAC Working Party as an avenue for input into council's decision making; and as an avenue to build the capacity of the wider Māori community to contribute to the decisions of council.*
- *Continue to support the ongoing operation of the Māori Technical Advisory Group (a sub group of the TTMAC Working Party), to provide early technical input into council's plans and processes.*
- *Undertake early pre-consultation with Māori on all RMA planning processes.*
- *Encourage and support the developing governance relationship with the region's Iwi Chairs.*
- *Maintain and grow the relationship between the Chief Executives of the region's Iwi Authorities and councils, encouraging all of the region's councils to participate.*
- *Implement a programme to enhance the cultural competency of council.*
- *Continue to provide funding support for writing or reviewing iwi and hapū environmental management plans (recognised by an iwi authority).*
- *Continue to manage a centralised Māori contact database to facilitate and enable contact between council and Māori.*
- *Distribute copies of resource consents to relevant marae (hapū and iwi) lodged with council.*
- *Ensure an appropriate level of specialist technical and cultural support is provided for staff and councillors.*

Policy on the appointment of directors to council organisations

Section 57 of the Local Government Act 2002 (“the Act”) requires the council to have a policy on the appointment of directors to its council organisations. As at July 2018, Northland Regional Council wholly or partially owns:

- Northland Inc. Limited;
- Marsden Maritime Holdings Limited; and
- Regional Software Holdings Limited.

Under section 6(4) of the Act, Marsden Maritime Holdings Limited is exempt from being classified as a council-controlled organisation. However, the associated joint venture company Northport Limited is classified as a council trading organisation. Directors of Northport Limited are appointed by the immediate shareholders.

Definitions

“Council organisations” include council-controlled organisations and council-controlled trading organisations. Each of these terms is defined in the Act:

“Council organisation”

A council organisation is any organisation in which the council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

“Council-controlled organisation”

A council-controlled organisation is an organisation in which the council, either in its own right or as part of a consortium of local authorities, controls, directly or indirectly, 50 percent or more of the votes or has the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers.

“Council-controlled trading organisation”

A council-controlled trading organisation is a council-controlled organisation that operates a trading undertaking for the purpose of making a profit.

Other relevant legislation/regulation

In addition to this policy, appointments and reappointments to the boards of council organisations are governed by their respective constitutions, trust

deeds or, potentially in some cases, specific legislation. In the event of a conflict, those regulations take precedence over this policy.

Where ownership of council organisations is jointly or severally shared with other entities, governance requirements are established through shareholder agreements or equivalent documentation. Such agreements also take precedence over this policy.

Care should also be exercised to ensure that the appointment of any director will not potentially trigger a breach of the NZX Listing Rules for a listed council organisation, which prohibit the council, as a shareholder, from voting on some shareholders' resolutions.

Waivers to the voting restrictions are available but the potential for breach is most simply avoided by ensuring that an individual director is never concurrently appointed to more than one regional council organisation.

Key principles of this policy

- The objective of this policy is to ensure that the council appointments process selects the best person for the role;
- All appointments will be made through an objective, transparent and accountable process;
- All appointments will be made on the basis of merit; and
- All directors will be appointed on the basis of the contribution they can make to the organisation, not on the basis of representation.

Appointment process

- Vacancies will be advertised unless good reason exists not to. In making a decision to not advertise, the council will consider:
 - The costs of any advertisement and selection process;
 - The availability of qualified candidates;
 - The urgency of the appointment (e.g. a council-controlled organisation that is without a quorum cannot hold a board meeting); and
 - The degree of potential interest, including public interest, in the vacancy.

- The power to decide not to advertise a vacancy is to be delegated to the Chief Executive Officer.
- If circumstances warrant it, the council may call for nominations for appointment.
- An ad hoc committee will be established to consider applications and/or nominations and conduct interviews and make a recommendation on preferred candidate(s) to council. The ad hoc committee shall normally comprise councillors, including the council's shareholder representative for the organisation concerned. Other members may include key stakeholders or any person who has particular knowledge or skills that would be beneficial in the selection process.
- Ad hoc committee members and candidates are required to declare any potential conflicts of interest.

General core competencies

All board members are expected to meet core competencies as well as relevant industry or other technical/specialist skills required for that board.

Person specifications

Nominees for specific vacancies shall be assessed for their particular skills, knowledge and experience.

Other appointment criteria

- In making its selection the council shall have regard to diversity, with a view to the board reflecting Northland demographics, and to ensure governance experience is gained by Northlanders.

Appointment restrictions

- Councillors and council staff should not be appointed as directors, unless good reason exists for exception. For example, where the council organisation is operational in nature and the Northland Regional Council Chief Executive Officer or designated staff member possesses the skills, knowledge and experience required to fulfil the role of a director, then council may appoint that person.
- Staff of the council organisation should not be appointed to its board. In the event a board decides one of its members should fill a vacancy in the organisation, the board member must first resign from their position on the board.

- Any board member applying for employment with the council shall offer to resign from the board immediately following an acceptance of appointment/confirmation of election.
- Any board member who is a candidate in a local body election (or a general election or placed on any political party's list) must offer to stand down from nomination day until the election results are notified.

Where an offer to resign from the board is made, the council will consider whether to accept the offer on a case-by-case basis, considering succession planning and management of conflicts of interest, and any risks stand down poses to the council organisation.

Term of appointment

- Generally, appointments shall be for a three-year term, subject to any review the council considers necessary.
- The council shall generally review the performance of the organisation and its board after the local body elections.
- The maximum number of consecutive terms for any director is normally two, with reappointment exceeding six years to be considered on a case-by-case basis.

Remuneration of directors of council organisations

- Remuneration for directors of council organisations will be determined on a case-by-case basis taking into account:
 - Each specific role;
 - Any existing legal or constitutional requirements;
 - The form and purpose of the organisation; and
 - Any previous level of fees paid by the shareholder.
- Directors are not to undertake consulting work for the organisation under any circumstances.

Removal of directors

Directors may be removed from office according to the specific requirements of the Trust Deed or Constitution and may be subject to additional legislation such as the Local Government Acts 1974 and 2002.

Significance and engagement policy

Northland Regional Council makes decisions every day. These decisions range from day-to-day matters with a low impact on the public and communities, right up to those with a very high level of importance, impact or public interest.

The purpose of this policy is to set out when and how our communities can expect to be engaged in our decision-making processes⁽¹⁾.

This policy:

- Tells our community when and how we will engage with them on a particular issue or proposal; and
- Provides council with a tool for defining what is significant⁽²⁾, helping it determine where a greater level of community engagement will result in better decision making.

Our approach to community engagement

Community engagement means that council will connect with other people in a decision-making process, to share ideas and build understanding. It can involve a range of different approaches – from simply keeping our communities informed, to empowering them to make decisions themselves. Our regional community includes customers, citizens, Māori, local communities and other communities of interest.

Whenever the council is engaging communities, or making a decision on the extent of engagement, it will be guided by the following principles.

1. We are elected to make decisions on your behalf.
2. We will seek community views on significant issues, to ensure we have enough information to make our decisions.
3. We will give you the information you need to have relevant input.
4. We will listen to your views and consider them with an open mind.
5. We will continue to improve how we engage with Māori and enable input into our decisions.
6. We will target our engagement to those directly affected or interested in the decision.
7. We will do our best to provide opportunities for people to present their views in a way that suits them.

8. We will let you know what decisions we make and why.

9. We will continue to improve how we engage with you.

When we will engage

Different levels of community engagement will be used in different situations. Sometimes we will consider that we already have a good understanding of community views and preferences, but at other times we may need more information.

- We will **consult** when we are required to by law, when a proposal is considered significant (as defined later in this policy) and when we need more information on options for responding to an issue.
- We will **involve/collaborate** with our communities in decision-making when we need more information on community views to fully understand an issue and develop a proposal for dealing with that issue; or where we can be more effective and efficient in achieving our priorities through working with others.
- We will **inform** our communities about decisions made when we believe there is some interest in the decision and/or people may be affected by the decision, but further engagement is not warranted.
- We won't engage our communities when there is a need for confidentiality or the matters concern internal operational issues.

1 This policy is intended to meet the requirements of the Local Government Act 2002 (Section 76AA) for a Significance and Engagement Policy

2 Significance (as defined by the Local Government Act 2002) means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for: (a) The district or region; (b) Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so

How we will engage

Wherever possible we will endeavour to engage with communities on their turf, and at a time that best meets community needs. This means that when we have determined that we will engage, and who we will engage with, we will make it as simple as we can for people to have their say.

- When we consult we will make information about the issue or proposal available to the relevant communities, present options where relevant, tell them how our process works, and how they can provide feedback. We will offer an opportunity to talk to councillors face-to-face. We will collect information and feedback on the proposal or issue from our communities and use this to guide decision-making. This will often follow a formal process set out in legislation.
- When we involve/collaborate with our communities in decision-making we will approach those that are likely to be affected by the proposal and invite them to share their thoughts and ideas. This information will be used by council to guide its decision-making, and in some cases help us to decide if we need to consult. Council will also work with already established groups to achieve shared goals.
- When we inform, we will let people know what we have decided to do, where they can find out more and who to talk to if they have questions, and advise them of any timeframes that might be relevant.
- When we determine not to engage, we will follow all procedures required by law to ensure that decisions are made in a lawful way.

We will always consider:

- The principles of this policy.
- Who the target audience is – that is, who is affected by, likely to have an interest in or view on, or has previously expressed interest in, the issue.
- The importance of the matter to both us as the council, and the target audience.
- The likely expectation by the target audience to be involved in decision-making on this issue and what we know about the target audience's preferences for engagement.
- The impact on Māori and their relationship with ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga.
- How Māori are provided an opportunity to provide input in a way that is meaningful to them.
- The information we already hold about community views.
- The circumstances in which the issue has arisen.
- Options, benefits and costs (current and future).

- The extent to which options will achieve or promote council objectives.
- The extent to which any costs outweigh the benefits of engagement methods.
- The impact on council's capability to fulfill its statutory responsibilities.
- The likely impact to service levels of any important activity or the way it will be delivered.
- The likely impact on any of council's strategic assets.
- The likely impact on, and consequences for, the well-being of the region.
- The degree of information/research required to inform decision-making.
- The extent to which information should be recorded.
- Any other matters that could influence decision-making. For example, research results, legislation, financial constraints and so on.
- How we will let you know the final outcome of the decision or issue.

Defining which issues and decisions are significant

Some decisions we make are more significant than others. Distinguishing which decisions are significant and which are not, is not always black and white. The significance of an issue, proposal, asset, decision or activity (referred to in this document as a "matter") usually lies somewhere on a continuum from low to high and will influence the level of engagement that council undertakes.

We will consider the significance of each matter on a case-by-case basis. When considering whether any matter is significant, we will consider a combination of factors as detailed in the following table:

Does the matter being considered involve:		Degree of significance	What this means
Rates Setting a new rate; or Increasing an existing specific targeted rate; or Increasing an existing region wide targeted rate by more than 2% (annually) above that previously approved in the Long Term Plan 2018-2028		SIGNIFICANT	We will consult with our communities
Assets The transfer, replacement or abandonment of a strategic asset?		SIGNIFICANT	We will consult with our communities
Level of Service A proposal to begin a new activity or cease an existing activity? ⁽¹⁾		SIGNIFICANT	We will consult with our communities
Legislation A legislative requirement to consult?		SIGNIFICANT	We will consult with our communities
Thresholds The matter triggers two or more of the following thresholds:	Is substantially inconsistent with existing policies, strategies or decisions.	LIKELY TO BE SIGNIFICANT	We will determine the best approach which may be to: <ul style="list-style-type: none"> ● consult ● involve/collaborate ● inform
	Incurs high capital or operational expenditure, or a financial transaction, with a value greater than \$750,000 ⁽²⁾		
	Large divisions in community interest or high levels of prior public interest.		
	The decision is irreversible, has a high degree of risk, or significance of the decision is largely unknown.		
	The decision has a large impact on a moderate number of people or a moderate impact on a large number of people ⁽³⁾		
Everyday operations The matter is part of normal day-to-day operations of council or is provided for in the Long Term Plan or Annual Plan.		NOT SIGNIFICANT	We will follow usual decision-making procedures

1. Activities as set out in the 'Groups of activities' section of the Long Term Plan 2018-2028
2. This limit covers a single issue, asset or matter as well as a package of the same aligned to deliver a single outcome or objective. This limit does not apply to expenditure funded from the Investment and Growth Reserve or changes to the council's investment portfolio. Note that these investments will need to meet the criteria of council's Investment Policy, pursuant to section 102 of the Local Government Act.
3. As a guide: a moderate number of people is considered to be 4000 - 8000, and a large number of people is considered to be greater than 8000.

Every report to the council or decision-making body will include an assessment of the significance of the matter, the degree of engagement proposed, the engagement plan proposed and a clear recommendation.

Strategic assets

A strategic asset (as defined by the Local Government Act 2002) means an asset or group of assets that the local authority needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community. The Northland Regional Council's strategic assets as defined in this policy are:

- Its interests in Marsden Maritime Holdings Ltd.
- The Awanui river scheme.
- Hopua te Nihotetea (the Kotuku Street Dam in the Whangārei urban rivers scheme) and the land which the dam structure occupies.
- The Kāeo stopbank scheme.
- Other river scheme assets as they are constructed.

A decision to transfer the ownership or control of a strategic asset to or from the regional council can only be taken if it has been provided for in its Long Term Plan and therefore will be the subject of the Local Government special consultative procedure.

Reviewing this policy

The council intends to review this policy every three years after the local body elections. Any consultation required would likely occur concurrently with a future Annual or Long-Term Plan.

Related organisations Ngā roopu whakahaere

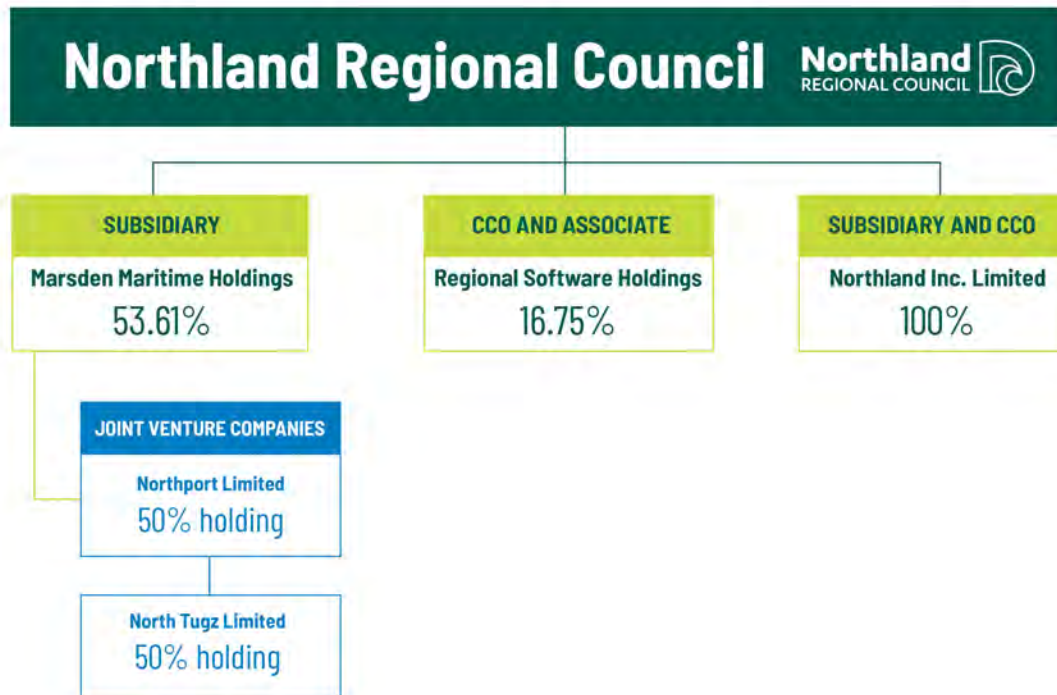


Group structure

Ehara taku toa, i te toa takitahi, engari he toa takitini

Success is not the work of one, but the work of many

Group structure



A council-controlled organisation (CCO) is a company or organisation in which a council or councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A council-controlled trading organisation (CCTO) is a company or organisation that operates a trading operation for the purpose of making a profit.

CCOs and CCTOs are required to complete a Statement of Intent and report against their policies, objectives and performance in their annual reports, unless an exemption has been granted.

This section provides the information required under the Local Government Act 2002 for Northland Inc. Limited and Regional Software Holdings Limited. Marsden Maritime Holdings Limited is also a subsidiary organisation but is exempt from the CCO provisions of the Local Government Act 2002 and is not required to publish a statement of intent.

Council-controlled organisations

Council has two council-controlled organisations - Northland Inc. Limited and Regional Software Holdings Limited.

Northland Inc. Limited

Northland Inc. Ltd, established in July 2012, is the region's economic development agency and regional tourism organisation.

Policies and objectives

Northland Inc. Ltd is funded by an operational contribution from council through the Investment and Growth Reserve, and is project-funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed on a fixed-term basis by council. Operational activity is led by a chief executive officer.

The objectives of Northland Inc. Ltd are to:

- Advocate and promote the establishment and development of infrastructure that underpins regional economic growth.
- Attract, facilitate and support investment opportunities in regionally strategic sectors.
- Promote Northland as a progressive and positive place to visit, do business and live.
- Provide and facilitate business support services that enable Northland businesses to grow.
- Increase innovation and entrepreneurship in Northland.
- Partner with Māori to develop and implement economic development projects for the benefit of Northland.
- Support and facilitate the implementation of the Tai Tokerau Northland Economic Action Plan.
- Support tourism product development and infrastructure as enablers of Northland's tourism sector.

Nature and scope of activities

These objectives are delivered through five work programmes.

- Investment and infrastructure - leveraging economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding, including the Investment and Growth Reserve.
- Business innovation and growth - assisting in growing the performance, productivity and profitability of Northland businesses.
- Regional promotion and tourism - promoting the region in partnership with others and increase the value added from visitors.
- Tai Tokerau Northland Economic Action Plan (TTNEAP) - supporting the implementation of the TTNEAP.
- Māori economic development - engaging with Māori to advance their aspirations for economic development.

Key performance measures

Work programme	How we will measure	2017/18 result	2018/19	2019/20	2020/21
Investment and infrastructure	Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application	New measure	100%		
	Number of inward delegations hosted	New measure	4	4	4
	Investment recommendations are accompanied by a robust business case	New measure	100%		
	Number and value of high impact projects that are implemented	New measure	2	2	2
Business innovation and growth	Number of unique businesses assisted (by TA and industry)	225	230		
	Value of NZTE and Callaghan Innovation grant funding facilitated	\$1.5M	\$1.5M		
	Client satisfaction (as measured by Net Promoter Score)	New measure	75% (NPS 50)		
	Orchard occupancy rate	45%	60%	65%	70%
Regional promotion and tourism	Value of industry investment in regional promotion activity	\$340,408	\$350,000		
	Equivalent Advertising Value achieved from destination marketing	\$15M	\$16.5M		
	RTO Net Promoter Score	New measure	40		
	Visitor spend from targeted markets	New measure	\$1,052 M	\$1,099M	\$1,146M
Tai Tokerau Northland Economic Action Plan	Percentage of milestones completed	New measure	100%		
Māori economic development	Number of unique Māori businesses assisted (by TA and industry)	New measure	30		
	Number and value of high impact projects that are implemented	New measure	1	1	1

Work programme	How we will measure	2017/18 result	2018/19	2019/20	2020/21
	Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses	New measure	\$50,000		
	Client satisfaction (as measured by Net Promoter Score for Māori businesses)	New measure	75% (NPS 50)		

Regional Software Holdings Limited

Regional Software Holdings Limited is a shared-services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the IRIS (Integrated Regional Information System) product as developed for and by the shareholding councils.

Over the last few years, the six regional councils have developed a leading-edge software solution (IRIS) for the regional council-specific functions undertaken by those councils.

Regional Software Holdings Limited faces a number of opportunities going forward. In particular, it looks to grow the number of regional councils using the IRIS solution.

Regional Software Holdings Limited will continue to work with other regional councils to explore further opportunities to grow the IRIS customer base. Regional Software Holdings Limited is also starting to work with the regional council sector to establish how the company can be operationally and financially used for the betterment of the regional council community.

The outlook for Regional Software Holdings Limited and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils.

Financially, the company is in a sound position as planned. Regional Software Holdings Limited's revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. The company does not trade to make a profit; rather it charges to cover its planned level of expenditure.

Subsidiary organisations

Marsden Maritime Holdings Limited

Northland Regional Council owns 53.61% (22.1 million shares) of the issued capital of the Marsden Maritime Holdings Limited, which is presently 41,300,651 ordinary shares of 35.5 cents each. The balance of shares is held by the public and Ports of Auckland, and all shares are listed on the New Zealand Stock Exchange.

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

As a listed company, Marsden Maritime Holdings Limited is not required to publish a Statement of Corporate Intent nor provide budget estimates to the council, its major shareholder. The corporation is exempt from the council-controlled organisations provisions of the Local Government Act 2002.

Audit opinion
Arotake Pūtea





To the reader:

INDEPENDENT AUDITOR'S REPORT ON NORTHLAND REGIONAL COUNCIL'S 2018/28 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for Northland Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 21 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 164 to 166 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;

- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Peter Gulliver

for Deloitte Limited

On behalf of the Auditor-General,

Auckland, New Zealand

