

NORTHLAND REGIONAL COUNCIL

Agenda

For meeting to be held in Council Chambers,
36 Water Street, Whangarei, on Tuesday, 26 February 2013,
commencing at 1:00pm

Recommendations contained in this committee agenda are NOT formal council decisions. Please refer to council confirmed minutes for resolutions.

OPEN MEETING

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ISSUE: Confirmation of Minutes – 27 November 2012

ID: A295744

To: Audit & Finance Committee Meeting, 26 February 2013

From: Lisa Aubrey, General Manager Finance and IT

Date: 5 February 2013

Summary The purpose of this report is to present the draft minutes of the Audit and Finance Committee meeting held on 27 November 2012. It concludes with the recommendation that the committee confirm the minutes as a true and correct record.

Normal Operations

Report:

The minutes are **attached**.

Legal Compliance & Significance Assessment:

Councils are required to keep minutes of proceedings in accordance with the Local Government Act 2002.

Recommendation:

1. That the minutes of the Audit and Finance Committee meeting held on 27 November 2012 be confirmed as a true and correct record.
-

NORTHLAND REGIONAL COUNCIL AUDIT AND FINANCE COMMITTEE

Minutes of a meeting of the Audit and Finance Committee
held in the Kaipara Room, 36 Water Street, Whāngārei,
on Tuesday 27 November 2012 commencing at 10.00 am

Present: Chairman, Bill Rossiter
Deputy Chairman, Graeme Ramsey
Councillors:
Craig Brown
Tony Davies-Colley
Bronwyn Hunt

In Attendance: **Full Meeting**
Chief Executive Officer, Malcolm Nicolson
GM – Finance and IT
Council Secretary

Part Meeting
GM – Planning and Policy
Growth and Infrastructure Manager
Financial Accountant
Economist
Chief Executive Officer of CHART North

The Chairman declared the meeting open at 10.05 am

Apologies (Item 1.0)

Moved (Rossiter/Brown)

That the apologies from Councillors Ian Walker, John Bain and Joe Carr for non-attendance be received.

Carried

Declaration of Conflicts of Interest (Item 2.0)

The Chairman invited members to make declarations item-by-item as the meeting progressed. There were no declarations of conflict at this point.

Confirmation of Minutes – 30 July 2012 (Item 3.1)

ID: A266062

Report from General Manager - Finance and IT, Lisa Aubrey.

Moved (Ramsey/Hunt)

That the minutes of the Audit and Finance Committee meeting held on 30 July 2012 be confirmed as a true and correct record.

Carried

Confirmation of Minutes – 28 August 2012 (Item 3.2)

ID: A266063

Report from General Manager – Finance and IT, Lisa Aubrey

Moved (Ramsey/Hunt)

That the minutes of the Audit and Finance Committee meeting held on 28 August 2012 be confirmed as a true and correct record.

Carried

Economic Impact of the Arts, Culture and Heritage Section in the Northland Region (Item 3.3)

ID: A268082

Report from Chief Executive Officer, Malcolm Nicolson

No decisions were required

Matters arising from Item 3.3

The Chief Executive Officer of CHART North, Chris Carey, was in attendance and gave a presentation, "Economic Impact of the Arts, Culture and Heritage (ACH) Section in the Northland Region". This presentation summarised the results of the report recently commissioned by CHART, in conjunction with the ASB, NorthTec, the Whāngārei District Council and the Northland Regional Council, to provide quantitative information on the impact of the ACH sector in Northland. Key aspects included:

- Defining the scope of the ACH sector;
- Economic analysis undertaken to generate the report;
- Report findings; GDP contribution, comparative advantages, labour productivity, "value added", employment growth;
- Issues and Opportunities; what is needed? What is missing? What makes it challenging?; and
- Support for the sector.

It was suggested that the cultural and heritage components of the ACH sector needed to be promoted.

It was stressed that the importance of the ACH sector was not just an economic issue; the intangibles, such as sense of place and pride, were equally critical.

Culture Heritage Arts Resource Trust (CHART) Key Performance Indicators (KPIs) (Item 3.4)

ID: A267040

Report from General Manager – Planning and Policy, Kathryn Ross.

Moved (Hunt/Rossiter)

1. That the report Culture Heritage Arts Resource Trust (CHART) Key Performance Indicators (KPIs), by Kathryn Ross, General Manager Planning and Policy, and dated 19 November 2012 be received.

ID: A269197

2. That CHART report six monthly, the first report to be provided in January 2013 (due to delays in setting the KPIs) and the second report to be provided in July 2013.
3. That the following objective and KPIs form the basis of reporting.

Objective	KPI	Measure
Strengthening the arts through professional development and business mentoring.	<ul style="list-style-type: none"> • Work with artists/arts organisation on business and marketing development to help increase the percentage of artists employed part/full-time in the arts. • Develop and implement Creative Northland membership program. • Deliver an annual workshop calendar. 	<ul style="list-style-type: none"> • Year 1 – Host 3 BA5 style events across the region. • Formal evaluation of those worked with in year 1. • 30 memberships by end of 2013. • Year 1 – min 3 workshops per year across Northland.

4. That council staff work with CHART to refine measures that specifically demonstrate links to employment, business start-ups and economic growth and the value of the council funding of CHART to the community.

Carried

Annual Reports to 30 June 2012 for Northland Regional Council Community Trust, Enterprise Northland and Destination Northland (Item 3.5)

ID: A266855

Report from General Manager - Finance and IT, Lisa Aubrey.

Moved (Brown/Hunt)

That the report Annual Reports to 30 June 2012 for Northland Regional Council Community Trust, Enterprise Northland and Destination Northland by Lisa Aubrey, General Manager Finance and IT, and dated 16 November 2012 be received.

Carried

Financial Report – 31 October 2012 (Item 3.6)

ID: A266131

Report from Financial Accountant, Kim Harvey.

Moved (Brown/Ramsey)

That the report Financial Report – 31 October 2012 by Kim Harvey, Financial Accountant, and dated 13 November 2012 be received.

Carried

October Quarter Variance Report – Projected Full Year Variance (Item 3.7)

ID: A266323

Report from Financial Accountant, Kim Harvey.

Moved (Rossiter/Hunt)

That the report October Quarter Variance Report – Projected Full Year Variance by Kim Harvey, Financial Accountant, and dated 15 November 2012 be received.

Carried

Matters arising from Item 3.7

Financial Accountant, Kim Harvey, provided a presentation “Q1 Variance Reporting and Projected Full Year Results” outlining:

- The process of variance reporting;
- The year to date position and projected full year results; and
- A detailed breakdown of year to date variances by activity.

It was confirmed that variances would continue to be monitored and next reported at the February 2013 Audit and Finance Committee meeting.

Investment Schedule and Performance Financial Report to 26 October 2012 (Item 3.8)

ID: A264016

Report from Financial Systems Administrator, Kym Ace, and General Manager – Finance and IT, Lisa Aubrey.

Moved (Rossiter/Hunt)

1. That the Investment Schedule and Performance – Financial Report to 26 October 2012 from Kym Ace, Financial Systems Administrator, and Lisa Aubrey, General Manager Finance and IT, and dated 19 November 2012 be received.

ID: A269197

2. That council approves that the independent quarterly reviews of the Community Investment Fund be provided at Audit and Finance meetings in February 2013, May 2013, July 2013 and November 2013.
3. That council approves the current SIPO breach of counter party credit limit capped of 20% of investments invested with one issue by allowing the current investments with ANZ (31.81%) being a term deposit of \$1.3M and perpetual bond of \$300K to continue to be held until the term deposit matures (27 March 2013) and until the perpetual bond is sold in the short to medium term.

Carried

Legislative Compliance – First Quarterly Report (Item 3.9)

ID: A266466

Report from Policy Advisor, Vibeke Wright.

Moved (Brown/Hunt)

That the report Legislative Compliance – First Quarterly Report, by Vibeke Wright, Policy Advisor, and dated 15 November 2012 be received.

Carried

Audit New Zealand – Draft Final Management Report for the Year Ending 30 June 2012 (Item 3.10)

ID: A264133

Report from General Manager – Finance and IT, Lisa Aubrey

Moved (Rossiter/Ramsey)

1. That the report Audit New Zealand – Draft Final Management Report for the Year Ending 30 June 2012, by Lisa Aubrey, General Manager Finance and IT, and dated 4 November 2012 be received.
2. That the draft Audit New Zealand Final Management Report for the year ended 30 June 2012 be approved for finalisation.

The original motion was replaced by the amendment as the substituted motion:

Moved (Davies-Colley/Ramsey)

1. That the report Audit New Zealand – Draft Final Management Report for the Year Ending 30 June 2012, by Lisa Aubrey, General Manager Finance and IT, and dated 4 November 2012 be received.
2. That the draft Audit New Zealand Final Management Report for the year ended 30 June 2012 be approved for finalisation.

ID: A269197

3. That the GM – Finance and IT consults with Audit New Zealand to determine the feasibility of council meeting with auditors on a biannual basis to address the two Management Reports and the draft Annual Report. Failing this, the GM – Finance and IT to organise tri-annual meetings of council and auditors.

Carried

Matters arising from Item 3.10

Clarification was provided that the Draft Risk Management Policy had been provided to the auditors and that the outstanding issue of risk management related to the fact that Audit New Zealand had deferred assessing the policy until the following audit.

Lease Transactions – July to October 2012 (Item 3.11)

ID: A266071

Report from General Manager – Finance and IT, Lisa Aubrey

Moved (Rossiter/Brown)

That the report Lease Transactions – July to October 2012, by Lisa Aubrey, General Manager Finance and IT, and dated 13 November 2012 be received.

Carried

Matters arising from Item 3.11

There was general agreement that reports detailing lease transactions were merely for interest and need not be included in future agendas. However, it was stressed that this was publicly available information.

Business with the Public Excluded (Item 4.0)

ID: A267296

Report from General Manager – Finance and IT, Lisa Aubrey.

Moved (Hunt/Brown)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matter to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reason\Grounds
4.1	Minutes of Confidential Meeting held 30 July 2012	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.
4.2	Minutes of Confidential Meeting held 28 August 2012	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.

ID: A269197

4.3	Proposed Acquisition for Rail Corridor	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(i)).
4.4	Hewlett Road Update	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(i)).
4.5	Property Purchase for Whāngārei Dam Retention	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(i)).
4.6	Approval to Advance Accrued Surplus for Urban Whāngārei River Works	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(i)).
4.7	Fibre Manufacturing Plant	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(b)(i) and 7(2)(i)).
4.8	Northland Inc. Limited – Director Person Specification	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(a)).
4.9	Northland Transport Opportunities	To protect disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(i)).

Carried

CONCLUSION

The meeting concluded at 1.57 pm.

ITEM: 3.2

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ISSUE: Far North District Council – Collection of Regional Council rates and rates arrears – Quarterly update to 31 December 2012

ID: A297433

To: Audit & Finance Committee Meeting, 26 February 2013

From: Lisa Aubrey, General Manager Finance and IT

Date: 12 February 2013

Summary The purpose of this report is to provide an update on the collection of outstanding rates in the Far North district. It concludes with the recommendation that the report be received.

Normal Operations

Report:

The Far North District Council administers the collection of the regional council rates in the Far North district on our behalf. The purpose of this report is to provide an update on the collection of current rates and rates arrears owing to the regional council.

Attached is a report provided by Far North District Council on the collection of current rates and rate arrears for the period ending 31 December 2012.

A representative from Far North District Council will attend the committee meeting to answer any questions.

Overview Far North District rate arrears owing to the regional council 30 June 2012

The following table shows the outstanding rates arrears balance at 30 June 2012 by rate type (Māori freehold land and general land).

Table One: Total Far North District Council Rate Arrears Owed to the Regional Council (GST INC) at 30 June 2012							
	5 + Years	4 Years	3 Years	2 Years	1 Year	Current	Total
Maori Freehold Land	163,873	126,579	224,395	305,386	376,780	511,360	1,708,373
General Land	36,056	37,225	57,632	120,025	235,714	526,450	1,013,103
Variance	-	-	-	-	-	-	49,894
Total	199,930	163,804	282,027	425,411	612,495	1,037,810	2,771,370

At 30 June 2012 council had provided a provision of \$1.597M against these outstanding arrears.

ITEM: 3.2

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Current rates received

The 2012/2013 rate strike is \$6.991M and to date we have received \$3.441M (49%) and penalty revenue of \$58.8K. Further payments will be made in April and June with a final wash-up paid in July.

Compliance with decision making processes:

The activities detailed in this report are part of the council's day to day operations and as such are provided for in the council's 2012-2022 Long Term Plan, and as such are in accordance with the council's decision making process and sections 76-82 of the Local Government Act 2002.

Recommendation:

1. That the report on Far North District Council – collection of current rates and rates arrears - quarterly update, from General Manager Finance and IT, Lisa Aubrey, dated 12 February 2013, be received.
-

Item: 3.2 Attachment

MEETING: Northland Regional Council

Name of item: RATING SERVICES AGREEMENT – QUARTERLY REPORT
31st DECEMBER 2012

Author: Cheryl Gavin-Young

Date of report: February 2013

Document number: A1326734

Executive Summary

The purpose of the report is to provide quarterly reporting to Northland Regional Council on action to collect Rate Arrears and Current Rates and to provide information on how collection is tracking against targets. Where agreed targets are not met, Far North District council must promptly provide a full explanation of reasons and a plan for achieving those targets.

1) Background:

Far North District Council works collectively with Northland Regional Council annually to review and agree to matters relating to the Rating Information Database, the Rating Information System and the collection of Northland Regional Council Rates.

The Rating Services Agreement enables objectives for reporting criteria and establishment of KPI's. The current agreement sets out standards of reporting to Northland Regional Council, however from presentations and discussions with Northland Regional Council an improved reporting regime is being developed. This report is the second quarterly report delivered under the new regime.

This document will highlight the actions taken by Far North District Council to reduce the monies outstanding for Northland Regional Council and Far North District Council. Initiatives from the Revenue & Collection Department will also be reflected in the improvement of collection.

As at 30 June 2012, the total Far North District rate arrears owed to Northland Regional Council is \$2,771,370 (including GST)

2) Current Initiatives:

The Penalty notice advises the Ratepayer of arrears and prompts them to make payment or call to make payment arrangements. To enhance this process an individualised **“Rates Easy Pay”** calculation and Direct Debit form are included in this correspondence. This provides notification and options for those ratepayers who wish to make arrangements for future payments.

A series of road shows to educate the public on such issues as the Department of Internal Affairs assistance through the Rates Rebate Scheme and Far North District Council **“Rates Easy Pay”** have been conducted with community services groups such as, Work and Income, Age Concern, Budgeting Services and Te Hauora O Te Hiku O Te Ika, and Waitomo

Papakāinga Development Society. Since establishing the Debt Management team over the last two years the team has conducted road shows or discussions with approximately 20 community groups.

Revenue & Collections have established a Technical Working Party with Iwi Leader's, Maori Land Court, Te Puni Kokiri, Far North District Council Mayor, Councillors and Staff to work together for rating matters and collection of Maori Freehold Land.

3) Process and Procedure for Debt Management practices:

Invoice & Assessment

The first Rates notices are sent out in July. This mail out includes the Rates invoice and Rates assessment. We take this opportunity to inform the Ratepayer of all options available e.g. "**Rates Easy Pay**", Rates Rebate Scheme and an outline of relevant policies. Penalties which will be imposed due to late payment are also outlined on the invoice.

Quarterly Invoice

Each quarterly instalment which is overdue incurs a 10% penalty, a letter is sent to the Ratepayer, which highlights the amount owing and the payment arrangement options available. We are currently adapting these letters to reinforce that enforcement will be taken if they take no action.

Final Installment and Demand

At the conclusion of the rating year, 30th June, correspondence is sent to those Ratepayers in arrears advising that nonpayment by will mean a further 10% penalty will be imposed on 1 September and 1st March should those rates remain unpaid.

4) Remission Applications received to date for 2013

Numbers of applications received and processed to date shared policy

Policy Name	Number of properties remission applied to
ML04 Maori Freehold Land Remissions	660
R04/04 - Charitable or Community Organisations	37
R04/05 - Remission of Rates on Land Partially in District	2
R04/06/6YR - Contiguous Properties	1025
R04/09 - Remission of Postponed Rates	Not yet processed
R04/11 - Conservation Property	176

Recovery of Rates for General Land

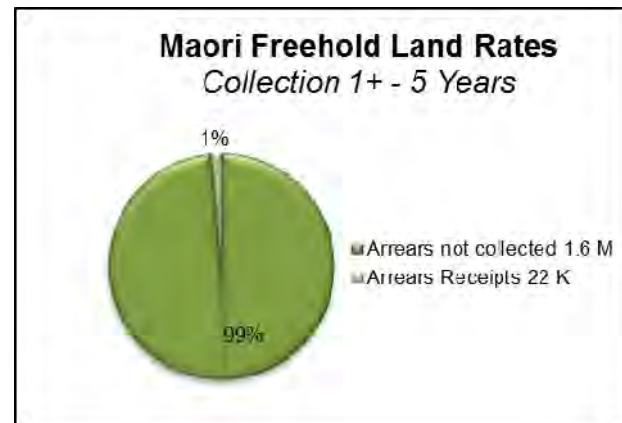
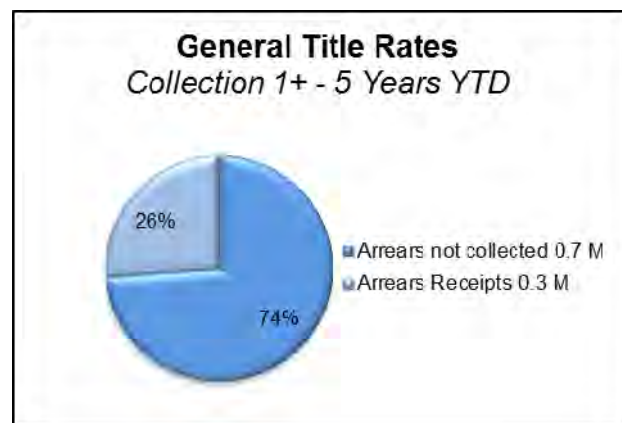
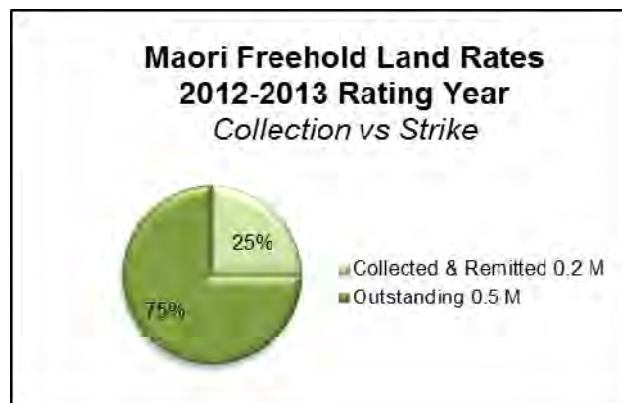
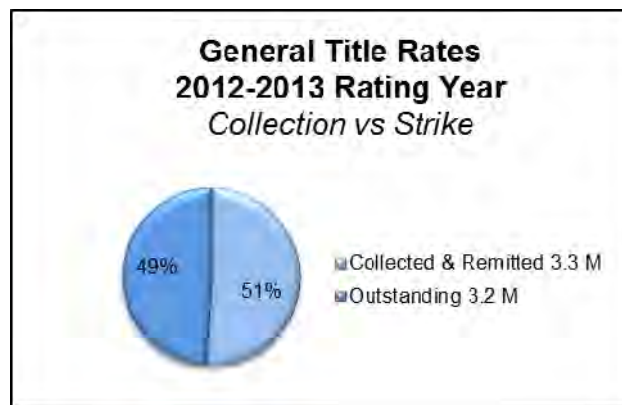
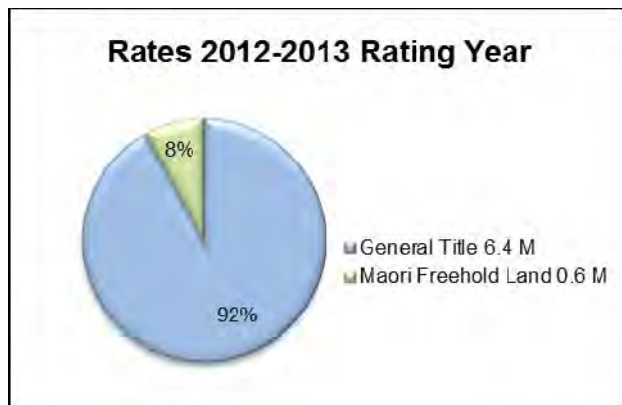
Recovery process for General Land is well outlined in LGRA 2002 specifying the methods and timing applicable to each option.

- For Ratepayers with a mortgage, a notice to the Ratepayer requesting full payment is sent. If payment or payment arrangements are not made, an application is made to the mortgagor to make the payment which is added to the mortgaged loan. Notice has been sent to 700 Ratepayers with outstanding rate and water arrears totaling \$1.6 M for Far North District Council and Northland Regional Council. A demand for payment will be placed with the mortgagor after 7th March 2013.
- For Ratepayers with no mortgage we currently use Baycorp for recovery action based on the same principals as above.
- Legal proceedings to recover rates range from judgment, registration of charging order for judgment of rates, enforcement of judgment, service of summons for unpaid rates if absent from New Zealand and at the extreme, rating sale or lease.
- When a rate account is in arrears and no debt recovery has commenced, the Debt Management Team investigate the property to confirm ownership detail and mortgage detail by Certificate of Title. This is a complex and time consuming process which Staff is currently working on the back log.

Recovery of Rates for Maori Freehold Land

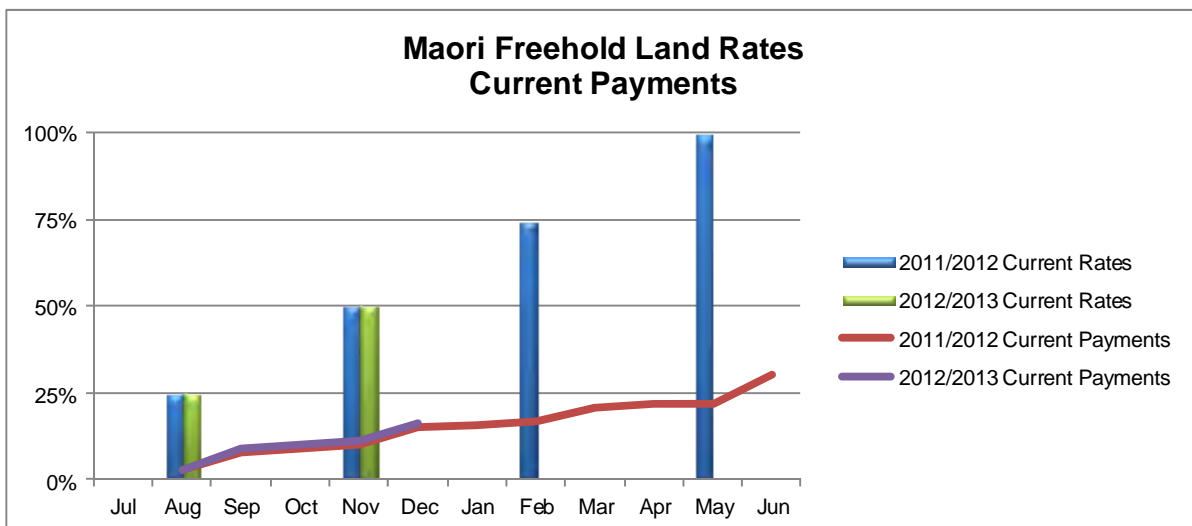
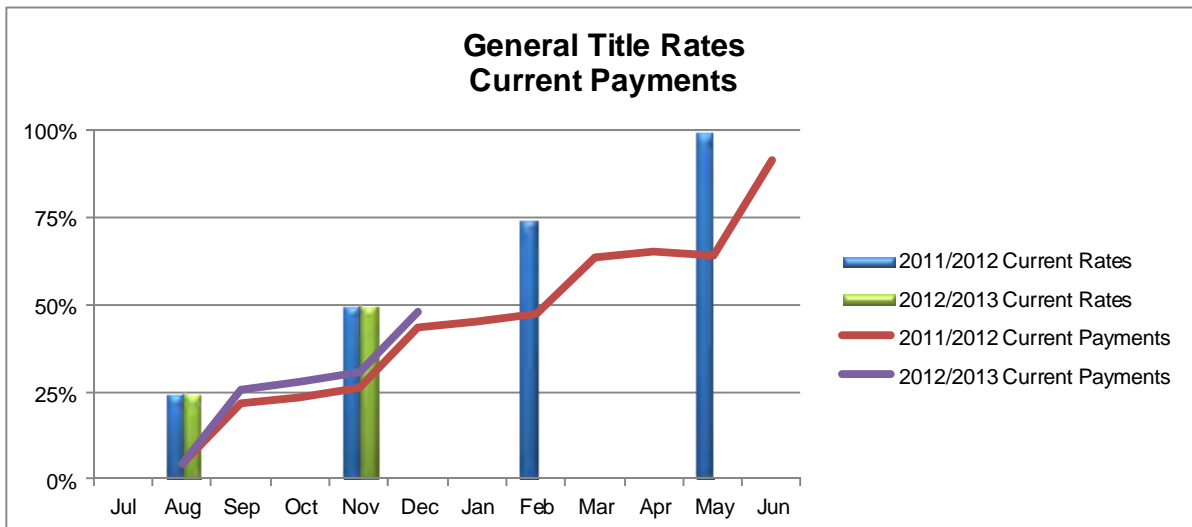
- Recovery process for Maori Freehold Land is outlined in LGRA 2002 and Te Ture Whenua Maori Act 1993. The same initial principals apply for both lands however the person actually using the land is liable. A number of factors need to be considered for land vested in trustees or multiple-ownership and an owner or agent may need to be appointed.
 - Once the factors above have been determined recovery of unpaid rates from a person actually using the land range from judgment, application for charging order, registration and enforcement of charging orders. Enforcement of charging orders on Maori Freehold Land can assist Council by way of the appointment of a receiver or constituting an Ahu Whenua Trust. However Council is unable to sell the land.
 - When a Maori Freehold Land property is in arrears and no debt recovery has commenced, the Debt Management Team investigate the property to confirm ownership detail and land status by Maori Land Online and Certificate of Title.
 - As at 27th August 2012, the Debt Management Team has an additional full time employee to work primarily on Maori Freehold Land. The Debt Management Team now consists of 6 full time employees.
-

Collection Data:



Document number:

A1323662



Document number: A1316641

ITEM: 3.3

Page 1 of 2

ISSUE: Northland Emergency Services Trust (NEST) - Six monthly reporting for period ending 31 December 2012

ID: A242408

To: Audit and Finance Committee Meeting, 26 February 2013

From: Lisa Aubrey, General Manager Finance and IT

Date: 15 February 2013

Summary The purpose of this report is to provide a six monthly update on NEST operations for the period ending 31 December 2012. Bi-annual reporting for the periods ending 31 December and 30 June was specified as a requirement by council as a condition of providing the annual \$600,000 funding contribution to NEST. Approval is sought for the quarter two and quarter three payments. The report concludes with the recommendation that the report be received and quarter two payment of \$150,000 plus GST be approved to be paid immediately and for quarter three to be paid during the first week of April 2013.

Normal Operations



Report:

Council contribution to NEST in the 2012/2013 financial year

In adopting its final Long Term Plan on 26 June 2012, council agreed to provide a three-year commitment to make an annual \$600,000 funding contribution to NEST. A condition of receiving the funding contribution is for NEST to provide the council with six monthly reporting on the trust's financial position; the use of the rescue helicopter service and report on any information that would have a bearing on both aspects.

The reporting is to be for the periods ending 30 June and 31 December and will be reported to the Audit and Finance committee in August and February each year.

NEST have provided council with the required reporting, but have asked the information be kept confidential due to the commercially sensitive information which may impact on negotiations with Northland Health Board and National Ambulance Sector office.

The first report for the period ending 30 June 2012 was provided to the Audit and Finance committee at the August 2012 meeting.

The audited accounts for the year ending 31 March 2012 were emailed to councillors in early October 2012. The audited accounts are also able to be publicly accessed from the Charities Commission website.

The funding contribution paid to NEST is paid quarterly in arrears, with a final wash-up made at year end based on actual rates collected.

ITEM: 3.3

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Approval is now sought from council for the payment of the second and third quarter payments of \$150,000 plus GST, with the quarter two payment to be made as soon as possible and the quarter three payment to be paid in early April 2013.

Attached is NEST's CEO, Peter Turnbull, letter of 4 February 2013 to council.

Compliance with decision making processes:

The activities detailed in this report are provided for in the council's 2011-2012 Annual Plan, and as such are in accordance with council's decision making process and sections 76-82 of the Local Government Act 2002.

Significance:

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is part of normal day to day operations of council.

Recommendations:

1. That the report titled Northland Emergency Services Trust six monthly reporting for the period ending 31 December 2012, dated 15 February 2013, by Lisa Aubrey, General Manager Finance and IT, be received.
 2. That the second quarter payment for the 2012/2013 financial year of \$150,000 plus GST be approved for payment and for payment to be made as soon as possible.
 3. That the third quarter payment for the 2012/2013 financial year of \$150,000 plus GST be approved for payment and for payment to be made in early April 2013.
-



Mr Craig Brown
Chairman
Northland Regional Council
Private Bag 9021
Whangarei Mail Centre
WHANGAREI

04 February 2013

Dear Craig

CEO Report July 2012 to January 2013

Northland Emergency Services Trust (NEST) operated safely over this period.

The increase in the number of patients carried continued for the second half of 2012 and looks to have stabilised at its present level, around 25% increase above 2011.

The three helicopter fleet has proved invaluable in maintaining a high level of service to the people of Northland and NEST's aim of having two aircraft available in Northland at all times has been met.

When three aircraft have been 'on line', i.e. when no maintenance is being carried out, the third machine has been available to the Auckland DHB and they have made extensive use of it retrieving patients from Wellington, Palmerston North, Masterton, New Plymouth, Gisborne and Tauranga. This additional use has provided a positive contribution to NEST.

A review of our helicopter maintenance requirements has revealed that the increase in hours has changed the viability of a fully contracted 'out maintenance' (conducted at Ardmore), in favour of predominately 'in house' maintenance which can be carried out at Whangarei.

While this has necessitated the purchase of certain items of tooling it, this will result in more flexible maintenance scheduling, a reduction in non productive flight time to Ardmore, more control of our maintenance budget especially labour costs and we expect more availability of our fleet.

Negotiations with National Ambulance Sector Office (NASO), representing ACC and the Ministry of Health have been ongoing over the latter stages of 2012 with the final draft of a five year contract before both parties. This will come into effect on 1 April 2013.

NEST is currently in negotiation with Northland District Health Board relating to ongoing charge out rates.

Memorandum of Understanding (MoU's) with Auckland District Health Board, the Rescue Coordination Centre and the New Zealand Police remain in place and are operating successfully.

Scheduled for August this year is an avionics upgrade to one machine, aligning it with the other two. This brings the navigational and communications capability up to the latest standards and ensures our fleet remains at the forefront of the New Zealand Rescue Helicopter Service.

NEST remains appreciative of the support provided by the Northland Regional Council and the ratepayers. NEST assures that it remains committed to providing the highest and safest standard of service to the people it serves.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Peter Turnbull', written in black ink.

Peter Turnbull
CEO

ITEM: 3.4

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ISSUE: Northland Inc. Financial Statements to 31 December 2012

ID: A298415

To: Audit and Finance Committee Meeting, 26 February 2013

From: Lisa Aubrey, General Manager Finance and IT

Date: 12 February 2013

Summary The purpose of this report is to present the financial statements for Northland Inc. to 31 December 2012. It concludes with the recommendation that this report be received.

Normal Operations

Report:

Attached are the following financial reports:

- Brief commentary explaining the year to date financial results.
- Northland Inc. - Profit & Loss Budget Report to December 2012.
- Northland Inc. - Balance Sheet Statement to December 2012.

In the 2012-2022 Long Term Plan council agreed to provide Northland Inc. with up to \$1M funding from the Investment and Growth Reserve and a further \$100K funded from rates.

Unbudgeted Oyster Shell Project costs and the slow payment from the other district councils are putting a strain on Northland Inc's cash flow. Council has provided its quarterly payments for each quarter in advance and at the end of January 2013 council has paid \$750,000 from the Investment and Growth Reserve and \$75K funded from rates.

The Oyster Shell Project and the fact Ministry for the Primary Industries reimburses costs in arrears every two months is putting Northland Inc's cash flow under pressure. In March and May 2013 the debtor from Ministry for Primary Industries is \$84,415 and \$76,860.

Following approval at the February 2012 Audit and Finance Committee meeting, council advanced \$70,000 plus GST in April 2012 to Enterprise Northland. The purpose of the advance was to provide \$70K cash flow to enable project related equipment to be purchased. At the time it was intended the amount would be repaid once the co-funding from MAF was received. The creditor remained unpaid by Enterprise Northland at year-end and on 1 July 2012, Northland Inc. took over the responsibility for the payment of this balance. Northland Inc. is intending to pay part of the outstanding balance in this month and will have fully paid the total outstanding balance by the end of April 2013.

Council officers will work with Northland Inc. to understand the extent of the pressure the Oyster Shell Project puts on Northland Inc's cash flow and will report back to council with some options, if appropriate, to address this.

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Compliance with Decision Making Process

The activities detailed in this report are in accordance with the council decisions made during deliberations of the Long Term Plan 2012-22 and as such are in accordance with council's decision making process and sections 76-82 of the Local Government Act 2002.

Recommendation:

1. That the Northland Inc. Financial Statements to 31 December 2012, from Lisa Aubrey, General Manager Finance and IT, dated 12 February 2013 be received.
-

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OVERVIEW OF NORTHLAND INC FINANCIAL RESULTS TO 31 DECEMBER 2012

From Tammy Fromont - Financial Administrator and Colin Mitten - Executive Chair Northland Inc.

Northland Inc. Profit & Loss Budget Report

Income:

The total year to date revenue is less than budget (unfavourable) by \$47,449 due to:

- Decline in visitor guide revenue (\$33k).
- Ministry for the Environment expected income (\$20k) is reflected in the reduced expense in wages.
- Reduced activity with TNZ media programme (\$22k).
- Positive impact from unbudgeted project income (\$27k).

Expense:

The wage expense has tracked under budget (\$96k). Wages expense includes an accrual of (\$25k) towards reimbursing council staff time. Overheads are tracking to budget; the project expense is over budget (\$49K) due to increase in activities (i.e. Aqua, NEAG) it also reflects the pressure from unbudgeted expenses of setting up of a new entity (i.e. website, communications).

Overall result:

Northland Inc's overall year to date surplus to 31 December 2012 is \$106,123 against a budget surplus of \$106,889. Management and staff are closely monitoring costs of the new organisation with its relocation and increased activities.

NRC Loan (Oyster Shell Project)

The funding of the Oyster Shell Project (reimbursement two monthly in arrears) is making managing the cash flow for Northland Inc. challenging. Northland Inc. is forecasting to be in a position to pay the outstanding balance of \$70,000 plus GST to the Northland Regional Council in April.

Northland Inc Ltd
Profit & Loss Budget Performance
 July through December 2012

	Jul - Dec 12	YTD Budget	Variance	Annual Budget
Ordinary Income/Expense				
Income				
Project Income				
Ministry for the Environment	0	20,000	-20,000	40,000
MSI	28,750	28,756	-6	57,512
Kaipara District Council	14,200	10,000	4,200	10,000
Far North District Council	46,700	40,000	6,700	80,000
Industry	164,429	197,200	-32,771	271,500
NRC	559,900	550,000	9,900	1,100,000
NZTE	86,250	86,244	6	172,488
Tourism NZ	2,822	25,000	-22,178	50,000
Whangarei District Council	59,200	52,500	6,700	105,000
Total Project Income	962,251	1,009,700	-47,449	1,886,500
Total Income	962,251	1,009,700	-47,449	1,886,500
Expense				
Wages				
Service	112,366	109,374	2,992	218,750
Projects	116,213	149,238	-33,025	298,473
Promotions	126,768	141,390	-14,622	282,780
Corporate	91,508	143,187	-51,679	286,375
Total Wages	446,855	543,189	-96,334	1,086,378
Overheads				
General Administrative				
Kiwisaver	5,473	11,040	-5,567	22,081
ACC	545	5,210	-4,665	5,210
Accounting	2,734	0	2,734	5,000
Audit Fees	717	0	717	15,000
Bank Charges	492	400	92	800
Insurance	6,308	7,367	-1,059	7,367
IT Support	7,530	7,542	-12	15,084
Legal Fees	1,006	0	1,006	0
Meeting Expenses	6,236	1,786	4,450	3,572
Subscription/Publications	13,650	15,139	-1,489	17,740
Sundry	5,804	2,425	3,379	4,850
Telephone & Fax	9,835	11,350	-1,515	22,700
Travel Costs	8,153	4,126	4,028	8,252
Vehicle Costs	18,317	17,836	481	35,672
Total General Administrative	86,800	84,221	2,579	163,328
Leases				
Operating Leases	3,463	3,463	0	6,926
Vehicle Leases	17,978	13,206	4,772	26,412
Total Leases	21,440	16,669	4,772	33,338
Marketing				
Communications	5,720	1,000	4,720	2,000
Slides & Discs	6,311	900	5,411	3,500
Total Marketing	12,031	1,900	10,131	5,500
Office Supplies				
Postage	467	1,238	-771	2,476
Stationery	2,424	3,250	-826	6,500
Total Office Supplies	2,891	4,488	-1,597	8,976
Premises costs				
Cleaning	1,539	2,380	-841	4,760
Electricity	2,315	3,383	-1,068	6,770
Rates	1,370	1,352	18	2,704
Rent	15,411	29,670	-14,259	59,340
Total Premises costs	20,635	36,785	-16,150	73,574
Training				
Conference/Seminars	1,463	1,100	363	2,200
Total Training	1,463	1,100	363	2,200
Total Overheads	145,260	145,163	97	286,916
Director Fees	37,500	37,500	0	75,000
Project Direct Costs				
Activity Costs	226,717	176,959	49,758	395,600
Total Project Direct Costs	226,717	176,959	49,758	395,600
Total Expense	856,331	902,811	-46,479	1,843,894
Net Ordinary Income	105,919	106,889	-970	42,606
Other Income/Expense				
Other Income				
Interest Received	204	0	204	0
Net Other Income	204	0	204	0
Net Income	106,123	106,889	-766	42,606

Northland Inc Ltd
Balance Sheet
As of December 31, 2012

	December 31, 12	Opening Balance Jul 1,12	Movement
ASSETS			
Current Assets			
Chequing/Savings			
Accelerator Account	3,247	7,196	-3,949
Oyster Account	14	0	14
Cheque Account	84,740	209,664	-124,924
Petty Cash	200	80	120
Total Chequing/Savings	88,201	216,940	-128,739
Accounts Receivable			
Accounts Receivable	318,225	7,485	310,740
Total Accounts Receivable	318,225	7,485	310,740
Other Current Assets			
Accounts Rec- y/e adjust			
NRCCT	2,144	0	2,144
Prepayments	65,324	0	65,324
Enterprise Northland	0	-1,380	1,380
Total Other Current Assets	67,468	-1,380	68,848
Total Current Assets	473,894	223,045	250,849
Fixed Assets			
Leased Equipment at Cost			
Leased Equipment at Cost	49,105	43,960	5,145
Accumulated Deprec Lease Eq	-39,298	-39,298	0
Total Leased Equipment	9,807	4,662	5,145
Office Equipmet			
Office Equipment at Cost	48,670	39,952	8,718
Accumulated Deprec OE	-30,152	-30,152	0
Total Office Equipmet	18,518	9,800	8,718
Vehicles			
Vehicles at Cost	28,043	0	28,043
Accumulated Deprec	0	0	0
Total Vehicles	28,043	0	28,043
Total Fixed Assets	56,368	14,462	41,906
TOTAL ASSETS	530,262	237,507	292,755
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	93,076	223,842	-130,766
Total Accounts Payable	93,076	223,842	-130,766
Other Current Liabilities			
Oyster Project Commitment	70,000	0	70,000
Accruals	31,813	14,736	17,077
Income in Advance	162,500	0	162,500
Current Portion of Leases	4,401	6,508	-2,107
GST	37,227	-12,097	49,324
Holiday Pay Accrued	38,766	18,163	20,603
Total Other Current Liabilities	344,708	39,407	305,300
Total Liabilities	437,784	263,250	174,534
Equity			
Contributed Capital	100	100	0
Equity	28,004	-58,541	86,545
Retained Surplus/Deficit	-41,749	-41,749	0
Net Income	106,123	86,545	19,579
Total Equity	92,478	-13,645	106,123
TOTAL LIABILITIES & EQUITY	530,262	249,605	280,658

ISSUE: Council Financial Report to 31 January 2013

ID: A297643

To: Audit and Finance Committee Meeting, 26 February 2013

From: Kim Harvey, Financial Accountant

Date: 13 February 2013

Summary The purpose of this report is to present the **Summary Council Cost of Services Statement** and **Cost of Service Statements by Activity** for the seven months ended 31 January 2013 for councillors' information. It concludes with the recommendation that this report be received.

Normal Operations

Report:

Overview

This report presents the operating results for council for the seven months ended 31 January 2013.

For total council financial results refer **Attachments A, B and C**, for the Financial Dashboard refer **Attachment D** and Balance Sheet **Attachment E**.

Operating results

The Summary Cost of Services Statement for the month of January 2013 shows a net operating cost before transfers from/(to) reserves of (\$445K) against a budgeted cost of (\$293K). The unfavourable variance of (\$151K) is due to expenditure for January being (\$88K) (4%) higher than budget, revenue for January being (\$89K) (4%) lower than budget and unbudgeted other gains \$26K, being additional Emissions Trading Scheme NZ Units allocated to Northland Regional Council in January 2013.

The year to date net operating surplus before transfers from/(to) reserves is \$2.8M against a budgeted net surplus of \$1.5M, resulting in an overall favourable variance for the year to date of \$1.2M. This variance arises from expenditure for the seven months being behind budget by \$1.5M or 9%, revenue tracking close to budget with a (2%) unfavourable variance of (\$276K) and the unbudgeted other gains \$26K explained above.

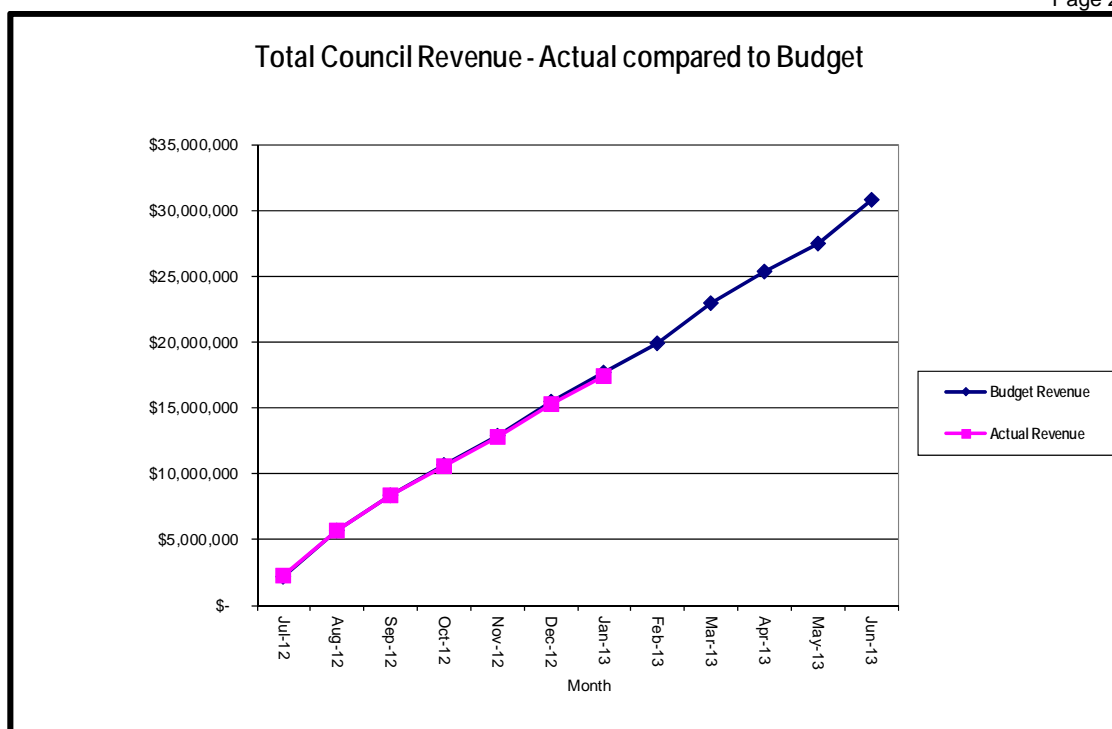
Revenue

Revenue earned for January is \$2.1M, which is (\$89K) or (4%) below budget.

Year to date revenue of \$17.4M is also tracking close to budget with an (\$276K) or (2%) unfavourable variance. This is illustrated by the following line graph.

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Month results

Overall revenue for January is close to budget; however there are both favourable and unfavourable variances that contribute to this result. The material variances are as follows:

- **Grants and Subsidies (\$55K) or (46%)** This unfavourable variance arises primarily from the Transport activity as a large amount of planned work was not undertaken in the early months of the financial year due to the uncertainty around NZTA subsidy funding. NZTA has since advised that a reduced level of funding will be available (confirmed in some areas with negotiations continuing in a small number of other areas) and work is now being started on those programmes that have confirmed funding. The unfavourable revenue variance arising from the reduced subsidies is partially offset by lower than budgeted local share costs in some work streams as planned work in some areas has been reduced.
- **Investment Interest Income (\$26K) or (14%)** This unfavourable variance is largely due the Community Investment Fund budget figures provided by the previous investment manager, JB Were, being higher than the actual interest revenue received. The original full year budget assumed a fund value of \$10.012M, compared with the actual value of the fund after allowing for impairment of "alternative" investments of \$9.479M. The original budgeted interest revenue was \$422K, which was subsequently revised by JB Were to \$349K. At the end of January 2013 the actual interest received on these investments was \$236K against a year to date budget of \$246K. (Full year budgeted revenue from the fund was \$680K, which was subsequently revised by JB Were to \$520K. Actual revenue received on the fund at the end of January 2013 was \$355K against a year to date budget of \$380K).
- **User Fees and Sundry (\$29K) or (9%)** This unfavourable variance is due to lower pilotage revenue which is a timing difference only, and lower passenger numbers on bus services provided by council.

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Year to date results

Overall revenue for the seven months is tracking close to budget with a (2%) unfavourable variance of (\$276K). The material variances that make up this overall difference against budget are as follows:

- **Grants and Subsidies (\$358K) or (49%)** This unfavourable variance is due to the uncertainty of NZTA funding as explained above (\$338K), lower than budgeted Environment Fund subsidies (\$26K) from the Department of Conservation that have been phased using best estimates, and a budgeted grant of (\$20K) from the Ministry for the Environment for Project Aquaculture that is now not likely to be received. The full year budget for this grant was \$34K. These unfavourable revenue variances are partially offset by unbudgeted funding received from the government and the Far North District Council for financial assistance provided to homes that have been identified as vulnerable to flood damage in Kaeo \$25K.
- **User Fees and Sundry (\$188K) or (7%)** This unfavourable variance is due to fewer consent applications having been received and a timing difference on the national Manchurian Wild Rice programme \$53K which is expected to catch up by the end of the financial year. These unfavourable variances are partially offset by unbudgeted revenue from the Ministry for Primary Industries for the Biosecurity summer aquatic weed education programme \$20K which is cost neutral to council.
- **Dividend Income \$206K or 20%** This favourable variance is due to the payout rate of the first dividend for the financial year issued by Northland Port Corporation Limited being 1 cent per share higher than budget (budget: 4 cents per share, actual: 5 cents per share). The full year budget is 6.5 cents per share.
- **Rates \$103K or 1%** This favourable variance is due to unbudgeted late payment penalties on rates instalments.

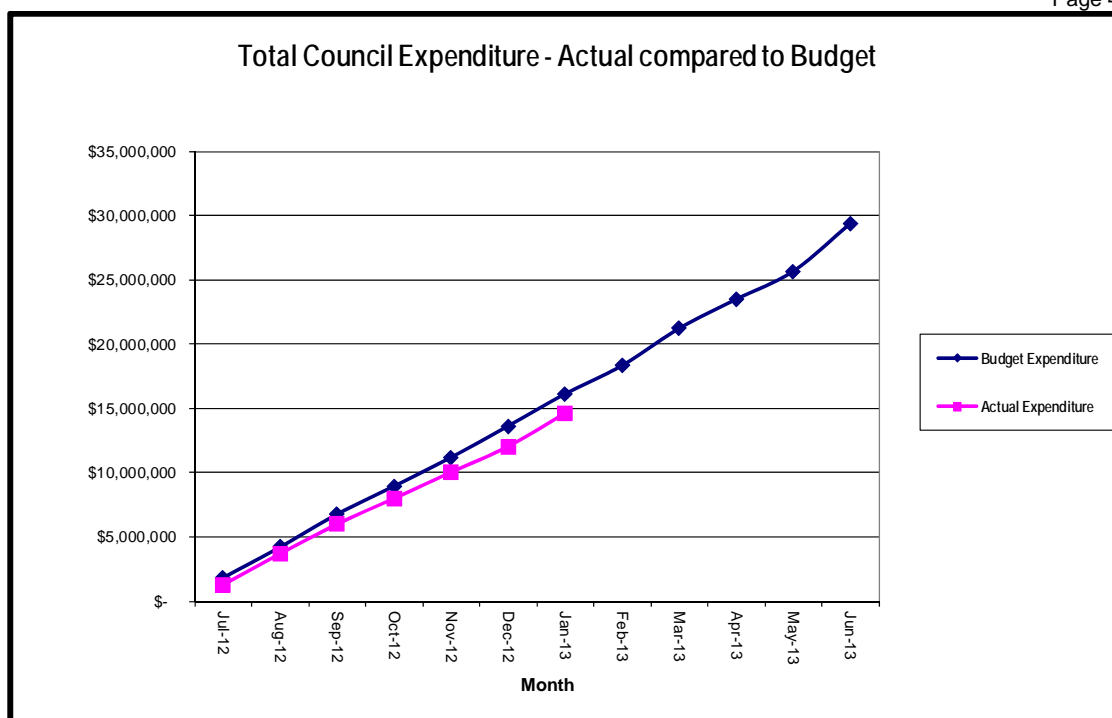
Expenditure

The month of January 2013 saw expenditure track slightly ahead of budget at \$2.6M against a budget of \$2.5M, resulting in an overspend of (\$88K) or (4%).

Year to date expenditure totals \$14.6M compared to budget of \$16.1M giving rise to an underspend of \$1.5M or 9%, as shown in the following line graph.

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A summary of the material expenditure variances against budget in accordance with the agreed variance reporting thresholds for both the month of January and the year to date is as follows:

- **Resource Management Group (variance: January (\$215K) (17%), YTD \$655K 8%)**

There are a number of cost centres that contribute to the Resource Management variance, as follows:

- **Biosecurity (variance: January (\$158K), YTD (\$82K)**
Expenditure is over budget due to budget phasing of the Manchurian Wild Rice Grass national programme which has come fully on stream over the summer months, and unbudgeted expenditure on Mediterranean Fan Worm eradication. These unfavourable variances are partially offset by lower pest control contract costs as the CPCA contracts signed up this year are smaller scale projects than budgeted and therefore costs are less.
- **Consents Applications, Advice and Information (variance: January not material, YTD \$162K 15%)**
Year to date expenditure continues to track behind budget due to fewer applications having been received, staff managing existing consent appeals without the need to obtain legal advice, and a vacant position which is currently on hold due to the decline in consent applications this financial year.
- **Land and Biodiversity (variance: January (\$49K) (23%), YTD \$257K 19%)**
The unfavourable variance for the month of January arises from a catch up on budget phasing of Environment Fund project costs. Year to date expenditure continues to track behind budget due to a number of under-spends resulting from budgets being spread evenly over the year because actual expenditure patterns are not known. These include Environment Fund costs, publicity/education promotion costs, and minor

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field equipment costs. Adding to this favourable variance are lower than budgeted wages and salaries due to three vacant positions during the year to date, all of which have now been filled.

- **Compliance Monitoring, Incidents and Waste Management (variance: January not material, YTD not material)**

The variances for this activity in total are not material, however, there are both favourable and unfavourable variances in the cost centres within this activity, as follows:

▪ **Compliance Monitoring (variance: January \$35K 13%, YTD \$73K 5%)**

The favourable variance for the month of January is primarily due to a decrease in the annual leave liability for the month and budget phasing of a number of costs including consultants, contract/casual staff, legal fees and commercial testing. Some of these costs relate to enforcement action and are therefore difficult to profile accurately.

▪ **Environmental Incident Response (variance: January (\$29K) (857%), YTD (\$100K) (418%))**

The unfavourable variances are primarily due to unbudgeted costs of enforcement action (legal fees and consultants) which are expected to be recovered by fines from prosecutions. It should be noted that the prosecution process can be lengthy and therefore the recovery of costs will not necessarily be in the same financial year as in which they were incurred.

- **State of the Environment Monitoring (variances: January \$16K 9%, YTD \$137K 13%)**

The favourable variances are due to lower commercial testing costs arising from different sampling frequencies and delays in the testing of samples, and lower consultants and contract/casual staff costs which are expected to even out over the remainder of the year.

- **Planning and Policy (28K) (12%), YTD \$213K 14%)**

The unfavourable variance for January is a catch up on budgeted expenditure across a number of projects as work has come on-stream, as indicated would happen in the November 2012 financial report. Year to date expenditure continues to track behind budget primarily due to lower consultant's costs on the Regional Policy Statement (RPS) and a small delay to the further submission period created by the large number of submissions received. February through to May is likely to see further catch up on budgeted expenditure occur. Council has approved in principle carrying over any unspent budget in this area into the 2013-2014 financial year to ensure this priority programme is progressed. Consultants costs on the harbour/catchment management plans project, the Whangarei Harbour project and the Freshwater NPS Implementation project are also lower than budget due to the pace of collaborative working and decision making. However, consultancy assistance on catchment descriptions and the anticipated agreement of the Environmental Management Committee to progress actions for the priority catchments, including modelling, monitoring and stakeholder groups for objective setting should align the budgeted expenditure with actual expenditure by year end. In addition advertising and promotion and training costs are lower than budget, but these differences are likely to be timing differences only.

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- **River Management Group (variance: January \$167K 51%, YTD \$418K 30%)**
The favourable variance is due to availability of materials and contractors on the Awanui and Kaihu river scheme projects, and work on the Whangarei Urban Rivers project commencing later than budgeted. Accordingly all these variances are timing differences only and are expected to even out by the end of the financial year.
- **Economic Development Group (variance: January (\$125K) (120%), YTD (\$162K) 10%)**
The unfavourable variance for the month of January and the year to date is due to the third grant instalment to Northland Inc. of \$250K being paid early (\$125K in each of December 2012 and January 2013) as approved by council at the December 2012 meeting, and the second instalment of the Emergency Services grant to NEST which has not yet been invoiced. Both of these variances are timing differences only.
- **Hazard Management Group - variances immaterial.**
- **Transport Group (variance: January \$53K 13%, YTD \$560K 21%)**
The reasons for the favourable expenditure variance are split over the three cost centres that make up the Transport activity, as follows:
 - **Marine Harbour Safety and Navigation (variance: January not material, YTD \$168K 16%)**
The favourable variance is due to a number of costs that are tracking behind budget including:
 - the Hātea River channel dredging project as the exact timing for the work to be undertaken is not certain and therefore the budget has been split evenly over the year;
 - pilotage expenses as external pilots have not been available and therefore pilotage has been done entirely by council staff in recent months; and
 - vessel running expenses as work is being undertaken in the Bay of Islands this year (which is where the vessels are based) and accordingly running expenses are lower.These underspends are partially offset by higher than budgeted vessel maintenance costs, they have been phased evenly due to the uncertainty of when maintenance will be required.
 - **Passenger Services Administration (variance: January \$31K 16%, YTD \$306K 23%)**
The underspends for the month of January and the year to date are due to the following variances:
 - lower than budgeted costs of the Whāngārei bus contract as the service was rationalised resulting in reduced operation with a corresponding reduction in contract price;
 - the Kaitāia bus contract as the contract was amended when NZTA confirmed they would not subsidise the service in the same way they subsidise the Whāngārei service;
 - lower Total Mobility costs as less people are using the service; and
 - phasing of budgets for some maintenance and infrastructure work programmes that will be carried out in the latter part of the year.
 - **Regional Transport Management (variance: January not material, YTD \$87K 28%)**
The underspend is due to planned work programmes temporarily being put on hold due to subsidy uncertainty as explained above.

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- **Community Representation and Engagement Group (variance: January \$25K 11%, YTD \$110K 8%)**

The favourable variance is primarily due to lower wages and salaries arising from a decrease in the annual leave liability over the holiday period and the General Manager CEO's Office and Projects position being vacant, and budget phasing of national meetings and stationery costs which have been brought in evenly over the year as it is not possible to project expenditure patterns with accuracy.

- **Support Services and Commercial Investments (variance: January \$4K 18%, YTD (\$103K) (56%))**

Support Services (variance: January (\$53K) (12%), YTD \$188K 6%)

The Support Services activity is made up of the following four cost centres: Finance and Information Technology, Human Resources and Health and Safety, Records Management and Administration and Communications. All support services costs are recharged out to the other council activities. The cost centres within Support Services that show material variances are:

- **Finance and Information Technology (variance: January (\$65K) (27%), YTD not material)**

The overspend in January is primarily due to a catch up on budget phasing of computer licence costs (a timing difference only), partially offset by lower than budgeted wages and salaries costs due to the decrease in the annual leave liability in January 2013.

- **Communications (variance: January \$19K 17%, YTD \$131K 20%)**

The favourable variance for January and the year to date is due to the timing of consultants costs in relation to the website software upgrade which is expected to be completed shortly, lower than budgeted publicity/education promotion costs and lower iwi-related costs as no applications for funding have been received to date. Iwi liaison staff will continue to proactively seek applications from stakeholders in the coming months.

- **Commercial (variance: January \$4K 18%, YTD (\$103K) (56%))**

The unfavourable variance for January and the year to date is primarily due to unbudgeted legal and valuation fees relating to the arbitration and the change that is currently in progress and costs associated with seeking the change in purpose of endowment land, as explained in the September 2012 financial report. Relevant legal and valuation costs relating to the arbitration are shared equally with the WDC and all efforts are being made to contain costs as best as possible whilst still achieving the best outcome for the arbitration.

Capital expenditure

Capital expenditure for each activity is shown by month and year to date in the following below:

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ACTIVITY	MONTH		YEAR TO DATE			Var %	FULL YEAR Revised Budget
	Actual	Budget	YTD Actual	YTD Budget	YTD Variance		
Monitoring	12,439	-	39,015	78,000	38,985	50%	136,000
Biosecurity	(347)	-	-	-	-	100%	-
Land and Biodiversity	-	-	35,468	40,300	4,832	12%	40,300
Harbour Safety and Navigation	23,933	-	107,522	13,600	(93,922)	-691%	205,500
Oil Pollution Response	-	-	-	2,000	2,000	100%	2,000
River Management	31,095	300,000	793,110	1,072,165	279,055	26%	1,322,155
Commercial Investments	-	-	-	-	-	-	141,103
Information Systems	162,470	232,939	643,279	954,687	311,408	33%	1,900,520
Regional Information and Engagement	-	-	2,773	10,700	7,927	74%	27,749
Support Services	94,158	-	441,504	225,000	(216,504)	-96%	500,000
GRAND TOTAL FOR COUNCIL	\$323,749	\$532,939	\$2,062,672	\$2,396,452	\$333,780	14%	\$4,275,327

Capital expenditure for the year to date is \$2.1M against a budget of \$2.4M. The activities that show capital expenditure variances against budget of +/- 20% (minimum \$10K) are:

- **Monitoring (variance \$39K):** the underspend is due to equipment for a project in Kaipara \$37K and water quality equipment and sensors \$6K, both of which are expected to be purchased in the coming months.
- **Harbour Safety and Navigation (variance (\$94K)):** capital expenditure is tracking ahead of budget due to a truck for the oyster shell project being purchased earlier than budgeted, and the budget for navigation aids not being phased as it is not possible to project expenditure patterns accurately.
- **River Management (variance \$279K):** Capital expenditure for the year to date is the purchase of two properties at Kotuku St, Maunu for the Whangarei retention dam project totalling \$763K, and work on the Kaeo River Scheme \$30K . Capital expenditure for the year to date is tracking behind budget due to Kaeo River Scheme work budgeted to occur earlier in the year, \$569K that has now been postponed to the 2013-2014 year and an upgrade to the GIS equipment budgeted for July \$3K, partially offset by higher than budgeted expenditure on land purchases for the Whangarei Retention Dam (\$292K) which was approved by council and will be covered in a paper to the February 2013 council meeting.
- **Information Systems (variance \$311K):** capital expenditure for the year to date comprises the new SAN and servers \$358K, the IRIS project \$181K, the financial system replacement \$33K, server room gas fire suppression equipment \$40K and other smaller equipment items \$30K. The favourable variance against budget has arisen due to completion of the high level design for integration of IRIS with existing computer systems having taken longer than expected. The integration is currently in progress and is expected to be completed by the end of March 2013.
- **Support Services (variance (\$217K)):** the capital expenditure unfavourable variance is due to earlier than budgeted purchases of replacement vehicles, and building alterations. These are timing differences only, and will even out as the year progresses.

Balance Sheet

A balance sheet has been prepared to 31 January 2012. Account reconciliations of all balance sheet accounts are prepared on a quarterly basis in order to monitor balance sheet movements. The latest set of account reconciliations to 31 December 2012 are being completed at present.

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Legal compliance and significance assessment:

The activities detailed in this report are provided for in the council's 2012-2022 Long Term Plan, and as such are in accordance with the council's decision making process and sections 76-82 of the Local Government Act 2002.

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is part of normal day to day operations of council, and it does not require a council decision but is for information purposes only.

Recommendation:

1. That the report Council Financial Report to 31 January 2013 by Financial Accountant, Kim Harvey, dated 13 February 2013, be received.
-

	YEAR TO DATE				YEAR TO DATE				FULL YEAR BUDGET ANNUAL PLAN	FULL YEAR BUDGET REVISED
	Actual	Budget	Variance	Var %	YTD Actual	YTD Budget	Variance	Var %		
Total Council Revenue										
Rates	1,431,972	1,418,572	13,400	1%	10,032,954	9,930,004	102,950	1%	17,022,870	17,022,870
User Fees and Sundry	306,137	334,773	(28,636)	-9%	2,569,851	2,757,868	(188,017)	-7%	4,239,298	4,239,298
Grants and Subsidies	65,054	120,147	(55,093)	-46%	376,588	735,119	(358,531)	-49%	1,486,699	1,486,699
Investment Interest Income	156,286	182,626	(26,340)	-14%	1,240,493	1,278,382	(37,890)	-3%	2,940,679	2,682,616
Investment Property Income	154,119	151,867	2,252	1%	1,929,153	1,930,602	(1,449)	0%	3,576,448	3,576,448
Forestry Harvest	0	0	0	-	0	0	0	-	0	0
Dividend Income	5,294	0	5,294	-	1,226,218	1,019,496	206,722	20%	1,439,289	1,697,352
	\$2,118,862	\$2,207,985	\$(89,123)	-4%	\$17,375,256	\$17,651,471	\$(276,215)	-2%	\$ 30,705,283	\$ 30,705,283
Expenditure										
Resource Management	1,460,818	1,245,651	(215,167)	-17%	7,338,600	7,993,297	654,697	8%	14,272,570	14,170,706
River Management	161,820	329,188	167,368	51%	981,520	1,399,471	417,950	30%	2,190,372	2,851,190
Economic Development	228,946	103,880	(125,066)	-120%	1,722,875	1,561,237	(161,638)	-10%	3,182,206	3,182,571
Hazard Management	148,069	150,711	2,642	2%	893,800	910,739	16,939	2%	1,605,712	1,598,916
Transport	369,549	422,427	52,878	13%	2,131,891	2,691,933	560,042	21%	4,642,223	4,643,113
Community Representation and Engagement	200,112	224,775	24,663	11%	1,270,962	1,381,267	110,305	8%	2,389,436	2,385,077
Support Services and Commercial Investments	20,148	24,456	4,308	18%	287,793	184,697	(103,096)	-56%	569,300	598,563
	\$ 2,589,461	\$ 2,501,088	\$(88,373)	-4%	\$ 14,627,441	\$ 16,122,640	\$ 1,495,199	9%	\$ 28,851,818	\$ 29,430,136
Net (Cost)/Surplus of Service	\$(470,599)	\$(293,103)	\$(177,496)	61%	\$2,747,815	\$1,528,832	\$1,218,984	80%	\$ 1,853,465	\$ 1,275,148
Other Gains										
Forestry Revaluation	0	0	0	-	0	0	0	-	71,727	71,727
(Loss) / Gain on Sale of Asset	0	0	0	-	0	0	0	-	0	0
Tax (Paid) / Refunded	0	0	0	-	0	0	0	-	0	0
Special Dividend	0	0	0	-	0	0	0	-	0	0
Emissions Trading Scheme NZ Units	25,841	0	25,841	-	25,841	0	25,841	-	0	0
Tax on Special Dividend	0	0	0	-	0	0	0	-	0	0
	\$25,841	\$0	\$25,841	-	\$25,841	\$0	\$25,841	-	\$71,727	\$71,727
Net (Cost)/Surplus of Service before transfers from/(to) Special Reserves	\$(444,759)	\$(293,103)	\$(151,656)	52%	\$2,773,656	\$1,528,832	\$1,244,824	81%	\$1,925,192	\$1,346,875
Transfers from/(to) Special Reserves										
Xfr from/(to) Land Management Reserve									\$0	\$41,000
Xfr from/(to) Awanui River Scheme Reserve									\$127,092	\$207,426
Xfr from/(to) Kaeo Whangaroa Rivers Scheme Reserve									\$(216,883)	\$(137,008)
Xfr from/(to) Kaihu River Scheme Reserve									\$(5,665)	\$(5,665)
Xfr from/(to) Whangarei Urban River Scheme Reserve									\$25,719	\$25,719
Xfr from/(to) Kerikeri Waipapa River Scheme Reserve									\$25,084	\$25,084
Xfr from/(to) Forestry Equalisation Reserve (forestry Ops)									\$0	\$0
Xfr from/(to) Forestry Equalisation Reserve (other)									\$0	\$0
Xfr from/(to) Recreation Facilities Reserve									\$(617,359)	\$(617,359)
Xfr from/(to) Northland Growth and Investment Reserve									\$815,979	\$815,979
Xfr from/(to) Community Investment Fund Reserve									\$(246,092)	\$(246,092)
Xfr from/(to) Infrastructure Facilities Reserve									\$(1,608,031)	\$(1,608,031)
Xfr from/(to) Priority Rivers Reserve									\$(120,000)	\$(120,000)
Xfr from/(to) Environment Fund Reserve									\$0	\$130,051
Xfr from/(to) Hatea River Maintenance Reserve									\$26,606	\$26,606
Xfr from/(to) Approved Carryovers Reserve									0	\$217,060
Net (Cost)/Surplus of Service after transfers from/(to) Special Reserves	\$(444,759)	\$(293,103)	\$(151,656)	52%	\$2,773,656	\$1,528,832	\$1,244,824	81%	\$131,642	\$101,641
Capital Expenditure										
Resource Management	12,092	0	(12,092)	-	74,484	117,700	43,216	37%	160,700	175,700
River Management	31,095	300,000	268,905	90%	793,110	1,072,765	279,655	26%	1,322,755	1,322,755
Economic Development	0	0	0	-	0	0	0	-	0	0
Hazard Management	0	0	0	-	0	2,000	2,000	100%	2,000	2,000
Transport	23,933	0	(23,933)	-	107,522	13,600	(93,922)	-691%	88,500	205,500
Community Representation and Engagement	0	0	0	-	0	0	0	-	0	0
Support Services and Commercial	0	0	0	-	0	0	0	-	0	0
	\$67,121	\$300,000	\$232,879	78%	\$975,116	\$1,206,065	\$230,949	19%	\$1,573,955	\$1,705,955

Monthly Report for	January 2013									
	MONTH				YEAR TO DATE				FULL YEAR BUDGET ANNUAL PLAN	FULL YEAR BUDGET REVISED
	Actual	Budget	Variance	Var %	YTD Actual	YTD Budget	Variance	Var %		
Revenue										
Rates	1,431,972	1,418,572	13,400	1%	10,032,954	9,930,004	102,950	1%	17,022,870	17,022,870
User Fees and Sundry	306,137	334,773	(28,636)	-9%	2,569,851	2,757,868	(188,017)	-7%	4,239,298	4,239,298
Grants and Subsidies	65,054	120,147	(55,093)	-46%	376,588	735,119	(358,531)	-49%	1,486,699	1,486,699
Investment Interest Income	156,286	182,626	(26,340)	-14%	1,240,493	1,278,382	(37,890)	-3%	2,940,679	2,682,616
Investment Property Income	154,119	151,867	2,252	1%	1,929,153	1,930,602	(1,449)	0%	3,576,448	3,576,448
Forestry Harvest	0	0	0	-	0	0	0	-	0	0
Dividend Income	5,294	0	5,294	100%	1,226,218	1,019,496	206,722	20%	1,439,289	1,697,352
	\$2,118,862	\$2,207,985	\$(89,123)	-4%	\$17,375,256	\$17,651,471	\$(276,215)	-2%	\$ 30,705,283	\$ 30,705,283
Expenditure										
Resource Management Group										
<i>Biosecurity</i>	\$354,632	\$196,477	\$(158,155)	-80%	\$1,471,715	\$1,390,099	\$(81,616)	-6%	\$2,437,261	\$2,436,752
<i>Consents Applications</i>	\$94,619	\$84,911	\$(9,708)	-11%	\$573,994	\$614,332	\$100,338	16%	\$1,096,757	\$1,083,196
<i>Consents Advice & Information</i>	\$73,394	\$80,698	\$7,304	9%	\$424,885	\$486,428	\$61,543	13%	\$871,824	\$825,194
<i>Land and Biodiversity</i>	\$257,503	\$208,887	\$(48,616)	-23%	\$1,089,000	\$1,346,418	\$257,417	19%	\$2,271,128	\$2,532,518
<i>Compliance Monitoring, Incidents and Waste Management</i>	\$255,354	\$261,467	\$6,113	2%	\$1,666,982	\$1,634,594	\$(32,388)	-2%	\$2,727,574	\$2,715,251
<i>State of the Environment Monitoring</i>	\$161,728	\$177,495	\$15,767	9%	\$914,484	\$1,051,213	\$136,729	13%	\$2,383,437	\$1,846,491
<i>Planning and Policy</i>	\$263,588	\$235,716	\$(27,872)	-12%	\$1,257,540	\$1,470,213	\$212,673	14%	\$2,544,591	\$2,731,304
Total Resource Management	1,460,818	1,245,651	(215,167)	-17%	7,338,600	7,993,297	654,697	8%	14,272,570	14,170,706
River Management Group	161,820	329,188	167,368	51%	981,520	1,399,471	417,950	30%	2,190,372	2,851,190
Economic Development Group										
<i>Economic Development Activities</i>	\$190,201	\$59,251	\$(130,950)	-221%	\$1,233,406	\$886,709	\$(346,697)	-39%	\$1,638,955	\$1,639,320
<i>Economic Development Projects</i>	\$38,745	\$44,629	\$5,884	13%	\$489,469	\$674,528	\$185,059	27%	\$1,543,251	\$1,543,251
Total Economic Development	228,946	103,880	(125,066)	-120%	1,722,875	1,561,237	(161,638)	-10%	3,182,206	3,182,571
Hazard Management Group										
<i>Oil Pollution Response</i>	16,516	12,202	(4,314)	-35%	64,511	80,438	15,927	20%	132,633	131,968
<i>Hazard Management</i>	83,516	97,807	14,291	15%	592,848	594,153	1,306	0%	1,057,105	1,050,596
<i>Civil Defence & Emergency Management</i>	48,037	40,702	(7,335)	-18%	236,441	236,147	(294)	0%	415,974	416,353
Total Hazard Management	148,069	150,711	2,642	2%	893,800	910,739	16,939	2%	1,605,712	1,598,916
Transport Group										
<i>Maritime Harbour Safety and Navigation</i>	162,660	176,685	14,025	8%	866,772	1,034,624	167,852	16%	1,708,243	1,709,886
<i>Passenger Services Administration</i>	165,418	196,593	31,175	16%	1,042,915	1,348,467	305,552	23%	2,415,821	2,412,656
<i>Regional Transport Management</i>	41,471	49,149	7,678	16%	222,204	308,842	86,638	28%	518,159	520,570
Total Transport	369,549	422,427	52,878	13%	2,131,891	2,691,933	560,042	21%	4,642,223	4,643,113
Community Representation and Engagement Group										
<i>Community Representation & Engagement</i>	146,273	181,477	35,204	19%	1,005,557	1,094,716	89,159	8%	1,893,486	1,893,905
<i>Environmental Education</i>	53,839	43,298	(10,541)	-24%	265,405	286,551	21,146	7%	495,950	491,172
Total Community Representation and Engagement	200,112	224,775	24,663	11%	1,270,962	1,381,267	110,305	8%	2,389,436	2,385,077
Support Services and Commercial Investments Group										
<i>Finance and Information Technology</i>	304,621	239,660	(64,961)	-27%	1,677,320	1,698,801	21,481	1%	3,514,739	3,515,190
<i>Human Resources and Health & Safety</i>	37,482	37,441	(41)	0%	209,276	218,206	8,930	4%	355,358	355,358
<i>Records Management and Administration</i>	65,071	57,406	(7,665)	-13%	523,036	550,061	27,025	5%	922,795	802,940
<i>Communications</i>	93,031	112,240	19,209	17%	533,645	664,221	130,576	20%	860,407	1,015,417
<i>Commercial Investments</i>	20,148	24,454	4,306	18%	287,551	184,701	(102,850)	-56%	319,294	318,568
<i>Internal Transfers</i>	(500,205)	(446,745)	53,460	-12%	(2,943,034)	(3,131,292)	(188,258)	6%	(5,403,294)	(5,408,910)
Total Support Services and Commercial Investments	20,148	24,456	4,308	18%	287,793	184,697	(103,096)	-56%	569,300	598,563
	\$ 2,589,461	\$ 2,501,088	-\$ 88,373	-4%	\$ 14,627,441	\$ 16,122,640	\$ 1,495,199	9%	\$ 28,851,818	\$ 29,430,136
Net (Cost)/Surplus of Service	\$(470,599)	\$(293,103)	\$(177,496)	61%	\$2,747,815	\$1,528,832	\$1,218,984	80%	\$1,853,465	\$1,275,148

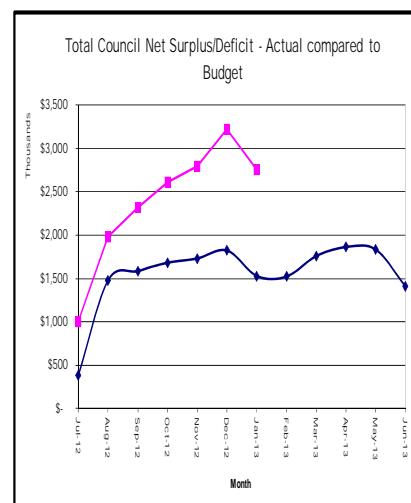
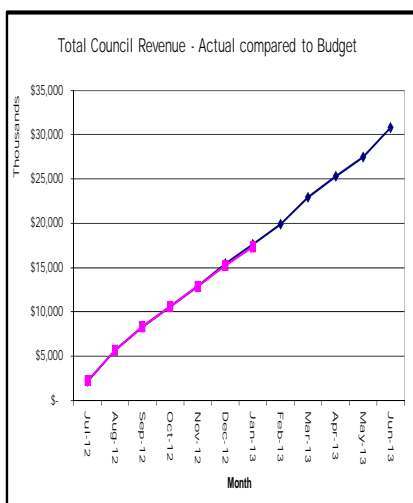
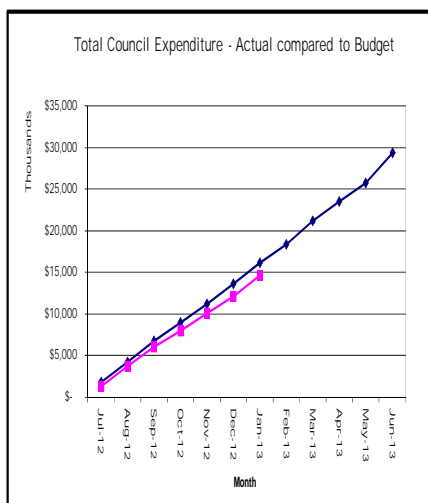
Monthly Report for		January 2013		Attachment C				FULL YEAR BUDGET ANNUAL PLAN		FULL YEAR BUDGET REVISED			
				YEAR TO DATE									
				Actual	Budget	Variance	Var %	YTD Actual	YTD Budget	Variance	Var %		
Total Council													
Revenue													
Rates	1,431,972	1,418,572	13,400	1%	10,032,954	9,930,004	102,950	1%	17,022,870			17,022,870	
User Fees and Sundry	306,137	334,773	(28,636)	-9%	2,569,851	2,757,868	(188,017)	-7%	4,239,298			4,239,298	
Grants and Subsidies	65,054	120,147	(55,093)	-46%	376,588	735,119	(358,531)	-49%	1,486,699			1,486,699	
Investment Interest Income	156,286	182,626	(26,340)	-14%	1,240,493	1,278,382	(37,890)	-3%	2,940,679			2,682,616	
Investment Property Income	154,119	151,867	2,252	1%	1,929,153	1,930,602	(1,449)	0%	3,576,448			3,576,448	
Forestry Harvest	0	0	0	-	0	0	0	-	0			0	
Dividend Income	5,294	0	5,294	-	1,226,218	1,019,496	206,722	20%	1,439,289			1,697,352	
	\$2,118,862	\$2,207,985	\$(89,123)	-4%	\$17,375,256	\$17,651,471	\$(276,215)	-2%	\$30,705,283			\$30,705,283	
Expenditure													
Labour Costs	1,103,331	1,245,091	141,760	11%	6,360,403	6,732,653	372,250	6%	10,894,825			11,011,309	
Operations	1,353,902	1,100,906	(252,996)	-23%	7,339,925	8,441,618	1,101,692	13%	16,331,203			17,332,322	
Members Expenses	43,274	46,527	3,253	7%	304,433	325,691	21,258	7%	558,341			19,050	
Depreciation	88,954	88,955	1	0%	622,679	622,689	9	0%	1,067,449			1,067,450	
Support Services Overheads	500,205	446,742	(53,463)	-12%	2,943,363	3,131,292	187,929	6%	5,403,293			5,408,909	
Internal Recharges	(500,205)	(427,133)	73,072	-17%	(2,943,363)	(3,131,303)	(187,940)	6%	(5,403,293)			(5,408,904)	
	\$2,589,461	\$2,501,088	\$(88,373)	-4%	\$14,627,441	\$16,122,640	\$1,495,198	9%	\$28,851,818			\$29,430,136	
Net (Cost)/Surplus of Service													
	\$(470,599)	\$(293,103)	\$(177,496)	61%	\$2,747,815	\$1,528,832	\$1,218,983	80%	\$1,853,465			\$1,275,148	
Other Gains													
Forestry Revaluation	0	0	0	-	0	0	0	-	71,727			71,727	
(Loss) / Gain on Sale of Asset	0	0	0	-	0	0	0	-	0			0	
Tax (Paid) / Refunded	0	0	0	-	0	0	0	-	0			0	
Special Dividend	0	0	0	-	0	0	0	-	0			0	
Emissions Trading Scheme NZ Units	25,841	0	25,841	-	25,841	0	25,841	-	0			0	
Tax on Special Dividend	0	0	0	-	0	0	0	-	0			0	
	\$25,841	\$0	\$25,841	-	\$25,841	\$0	\$25,841	-	\$71,727			\$71,727	
Net (Cost)/Surplus of Service before transfers from/(to) Special Reserves													
	\$(444,759)	\$(293,103)	\$(151,656)	52%	\$2,773,656	\$1,528,832	\$1,244,823	81%	1,925,192			1,346,875	
Transfers from/(to) Special Reserves													
Xfr from/(to) Land Management Reserve									0			41,000	
Xfr from/(to) Awanui River Scheme Reserve									\$127,092			\$207,426	
Xfr from/(to) Kaeo Whangaroa Rivers Scheme Reserve									\$(216,883)			\$(137,008)	
Xfr from/(to) Kaihu River Scheme Reserve									\$(5,665)			\$(5,665)	
Xfr from/(to) Whangarei Urban River Scheme Reserve									\$25,719			\$25,719	
Xfr from/(to) Kerikeri Waipapa River Scheme Reserve									\$25,084			\$25,084	
Xfr from/(to) Forestry Equalisation Reserve (forestry Ops)									\$0			\$0	
Xfr from/(to) Forestry Equalisation Reserve (other)									\$0			\$0	
Xfr from/(to) Recreation Facilities Reserve									\$(617,359)			\$(617,359)	
Xfr from/(to) Northland Growth and Investment Reserve									\$815,979			\$815,979	
Xfr from/(to) Community Investment Fund Reserve									\$(246,092)			\$(246,092)	
Xfr from/(to) Infrastructure Facilities Reserve									\$(1,608,031)			\$(1,608,031)	
Xfr from/(to) Priority Rivers Reserve									\$(120,000)			\$(120,000)	
Xfr from/(to) Environment Fund Reserve									\$0			\$130,051	
Xfr from/(to) Hatea River Maintenance Reserve									\$26,606			\$26,606	
Xfr from/(to) Apporved Carryovers Reserve									\$0			\$217,060	
Net (Cost)/Surplus of Service after transfers from/(to) Special Reserves													
	\$(444,759)	\$(293,103)	\$(151,656)	52%	\$2,773,656	\$1,528,832	\$1,244,823	81%	\$131,642			\$101,641	
Capital Expenditure													
Resource Management	12,092	0	(12,092)	-	74,484	117,700	43,216	37%	160,700			175,700	
River Management	31,095	300,000	268,905	90%	793,110	1,072,765	279,655	26%	1,322,755			1,322,755	
Economic Development	0	0	0	-	0	0	0	-	0			0	
Hazard Management	0	0	0	-	0	2,000	2,000	100%	2,000			2,000	
Transport	23,933	0	(23,933)	-	107,522	13,600	(93,922)	-691%	88,500			205,500	
Community Representation and Engagement	0	0	0	-	0	0	0	-	0			0	
Support Services and Commercial	0	0	0	-	0	0	0	-	0			0	
Total Capital Expenditure	\$67,121	\$300,000	\$232,879	78%	\$975,116	\$1,206,065	\$230,949	19%	\$1,573,955			\$1,705,955	

Northland Regional Council FINANCIAL DASHBOARD

For the seven months ended 31 January 2013

SUMMARY OPERATING RESULTS

	000's ACTUAL YTD	000's BUDGET YTD	000's VARIANCE YTD
Revenue	\$ 17,375	\$ 17,651	\$ (276)
Expenditure	\$ 14,627	\$ 16,123	\$ 1,495
NET (COST)/SURPLUS BEFORE TRANSFERS FROM/(TO) RESERVES	\$ 2,748	\$ 1,529	\$ 1,219



KEY: ◆ Budget ◆ Actual

YTD EXPENDITURE VARIANCE INDICATORS BY COUNCIL ACTIVITY

	FAV / UNFAV		FAV / UNFAV
Resource Management	🟢	Transport	🟢
River Management	🟢	Community Representation and Engagement	🟢
Economic Development	🟡	Support Services and Commercial	🔴
Hazard Management	🟢		

YTD CAPITAL EXPENDITURE BY COUNCIL ACTIVITY

	\$000's	Brief Description of Major Items Purchased
Resource Management	\$ 74	Monitoring equipment, GPS, cameras
River Management	\$ 793	Two properties at Kotuku St, Maunu
Economic Development	\$ -	
Hazard Management	\$ -	
Transport	\$ 108	Truck (Oyster Shell Project), buoys, oxidisation of Waikare hull
Community Representation and Engagement	\$ -	
Support Services and Commercial	\$ 1,088	New SAN and servers, IRIS project, financial system replacement, vehicle replacements, server room gas fire suppression equipment
TOTAL CAPITAL EXPENDITURE YEAR TO DATE	\$ 2,063	

INVESTMENT PORTFOLIO YEAR TO DATE PERFORMANCE

At 31 January 2013 the investment portfolio has made a return of \$4.4M against a budgeted return of \$4.2M.

Consolidated Statement of Financial Position

As at 31 January 2013

	Council 31-01-13 \$	Long Term Plan 30-Jun-13 \$	Council 30-Jun-12 \$
EQUITY			
Retained earnings	113,602,106	102,767,362	110,828,307
Other reserves	8,556,204	18,727,076	8,556,204
Total equity attributable to Northland Regional Council	<u>122,158,310</u>	<u>121,494,438</u>	<u>119,384,511</u>
Non-controlling interest in subsidiary companies			
TOTAL EQUITY	<u><u>122,158,310</u></u>	<u><u>121,494,438</u></u>	<u><u>119,384,511</u></u>
ASSETS			
Current assets			
Cash and cash equivalents	19,874,016	4,347,115	10,249,654
Trade and other receivables	4,335,803	5,299,089	4,805,052
Inventories	3,080,909	1,528,241	3,108,539
Non-current assets held for sale	-	-	0
Other Investments	11,190,362	2,000,000	11,190,362
Other financial assets	-	-	0
Tax refundable	33,000	-	33,000
Tax losses carried forward	-	-	-
Derivative financial instruments	-	-	-
Total current assets	<u>38,514,090</u>	<u>13,174,445</u>	<u>29,386,607</u>
Non-Current Assets			
Other receivables	5,256,299	5,201,500	5,256,299
Investment property	47,674,256	48,320,999	47,674,256
Investments in subsidiaries and associates	5,543,453	8,071,316	7,840,467
Other investments	7,997,246	27,608,376	13,971,405
Property, plant and equipment	18,018,311	21,486,851	18,640,990
Intangible assets	460,689	2,288,396	460,689
Biological assets	1,578,975	1,627,263	1,578,975
Capital projects in progress	2,681,802	-	682,177
Deferred taxation asset	-	-	-
Total non-current assets	<u>89,211,031</u>	<u>114,604,700</u>	<u>96,105,259</u>
Total Assets	<u><u>127,725,121</u></u>	<u><u>127,779,146</u></u>	<u><u>125,491,866</u></u>
LIABILITIES			
Current liabilities			
Bank Overdraft	-	-	-
Trade and other payables	3,626,605	4,677,323	4,442,671
Provisions	-	-	-
Borrowings	-	-	-
Deferred Tax Liability	-	-	-
Tax liability	-	-	-
Employee benefit liabilities	1,891,923	1,556,003	1,616,401
Total current liabilities	<u>5,518,528</u>	<u>6,233,326</u>	<u>6,059,072</u>
Non-Current Liabilities			
Employee benefit liabilities	48,283	51,382	48,283
Provisions non-current	-	-	-
Borrowings	-	-	-
Total non-current liabilities	<u>48,283</u>	<u>51,382</u>	<u>48,283</u>
Total Liabilities	<u><u>5,566,811</u></u>	<u><u>6,284,708</u></u>	<u><u>6,107,355</u></u>
NET ASSETS	<u><u>122,158,310</u></u>	<u><u>121,494,438</u></u>	<u><u>119,384,511</u></u>

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ISSUE: January Quarter Variance Report – Projected Full Year Variance

ID: A266323

To: Audit and Finance Committee Meeting, 26 February 2013

From: Kim Harvey, Financial Accountant

Date: 17 February 2013

Summary The purpose of this report is to show the **council's financial performance for the seven months ending 31 January 2013** and show the **projected full year position to 30 June 2013**. It concludes with the recommendation that this report be received.

Normal Operations



Report:

At the end of January 2013, detailed cost centre reports were provided to staff with budget responsibility. Staff were asked to provide variance explanations for all YTD variances +/-20% and/or +/- \$20,000. Based on the trend in financial performance during the period and based on specific events that have occurred or are known as likely to occur, staff have projected the full year financial result. At this relatively early stage of the financial year forecasting can be difficult as it is often too early in the financial year to predict full year expected variances. Where permanent variances are known with reasonable certainty the projected full year expected position has been reported. Management and staff will continue to actively monitor variances and an updated full year projection will be provided to the Audit and Finance Committee in May 2013.

As at 31 January 2013 council is showing a favourable variance against YTD budget of \$1.24M before transfers from/(to) reserves. Commentary is provided in the monthly council agenda on the monthly and YTD results (a copy of which is included as item 3.6 in this agenda) and is therefore not repeated here. This report focuses on the projected full year forecast and shows the best estimate for the expected year-end position.

The table below shows the YTD results as reported to council in the monthly agenda, and the year-end projected position against the full year budget.

Profit and Loss - Summary Variance Report for period ending 31 January 2013										
	YTD Actual	YTD Budget	YTD Variance against Budget	Full Year Budget	YE Expected Position	Expected full year Variance at the end of Q2	Variance %	Fav / Unfav	Expected full year Variance at the end of Q1	
Revenue										
Resource Management	\$ 6,044,774	\$ 6,298,788	\$ (254,014)	\$ 10,528,552	\$ 10,534,152	\$ 5,600	0%	Fav	\$ 5,600	
River Management	\$ 1,214,692	\$ 1,158,067	\$ 56,605	\$ 2,129,490	\$ 2,129,490	\$ -				
Economic Development	\$ 2,221,517	\$ 2,202,433	\$ 19,084	\$ 4,295,435	\$ 4,233,435	\$ (62,000)	-1%	Unfav	\$ (62,000)	
Hazard Management	\$ 858,605	\$ 840,292	\$ 18,313	\$ 1,467,551	\$ 1,497,551	\$ 30,000	2%	Fav	\$ 30,000	
Transport	\$ 2,051,738	\$ 2,464,767	\$ (413,029)	\$ 4,016,197	\$ 3,919,094	\$ (97,103)	-2%	Unfav	\$ (124,592)	
Community Representation and Engagement	\$ 822,363	\$ 808,416	\$ 13,947	\$ 1,445,850	\$ 1,445,850	\$ -				
Support Services and Commercial Investment	\$ 4,161,568	\$ 3,878,689	\$ 282,879	\$ 6,893,930	\$ 7,148,341	\$ 254,411	4%	Fav	\$ 274,411	
	\$ 17,375,256	\$ 17,651,471	\$ (276,215)	\$ 30,777,004	\$ 30,907,912	\$ 130,908	0%	Fav	\$ 123,419	
Expenditure										
Resource Management	\$ 7,338,685	\$ 7,993,285	\$ 654,600	\$ 14,170,705	\$ 14,190,705	\$ (20,000)	0%	Unfav	\$ (20,000)	
River Management	\$ 981,520	\$ 1,399,476	\$ 417,955	\$ 2,851,190	\$ 2,843,190	\$ 8,000	0%	Fav	\$ -	
Economic Development	\$ 1,722,875	\$ 1,561,237	\$ (161,638)	\$ 3,182,571	\$ 3,190,552	\$ (7,981)	0%	Unfav	\$ 21,219	
Hazard Management	\$ 893,705	\$ 910,739	\$ 17,033	\$ 1,598,916	\$ 1,628,916	\$ (30,000)	-2%	Unfav	\$ (30,000)	
Transport	\$ 2,131,891	\$ 2,691,933	\$ 560,042	\$ 4,643,113	\$ 4,631,113	\$ 12,000	0%	Fav	\$ 40,670	
Community Representation and Engagement	\$ 1,270,962	\$ 1,381,264	\$ 110,302	\$ 2,385,074	\$ 2,385,074	\$ -			\$ -	
Support Services and Commercial Investment	\$ 287,751	\$ 184,699	\$ (103,052)	\$ 598,567	\$ 1,188,688	\$ (590,121)	-99%	Unfav	\$ (523,121)	
	\$ 14,627,389	\$ 16,122,633	\$ 1,495,242	\$ 29,430,136	\$ 30,058,238	\$ (628,102)	-2%	Unfav	\$ (511,232)	
Net (Cost)/Surplus of Services	\$ 2,747,867	\$ 1,528,839	\$ 1,219,026	\$ 1,346,869	\$ 849,675	\$ (497,194)	-37%	Unfav	\$ (387,813)	
Other Gains										
Forestry Revaluation	\$ -	\$ -	\$ -	\$ 71,727	\$ 71,727	\$ -	0%	Fav	\$ -	
Emissions Trading Scheme NZ units	\$ 25,841	\$ -	\$ 25,841	\$ -	\$ 25,840	\$ 25,840	100%	Fav	\$ -	
Net (Cost)/Surplus of Service before transfers from/(to) Special Reserves	\$ 2,773,708	\$ 1,528,839	\$ 1,244,867	\$ 1,418,596	\$ 947,242	\$ (471,354)	-33%	Unfav	\$ (387,813)	

The overall movement in the expected full year variance against the full year budget before transfers from/to Special Reserves is (\$471K) or (33%) unfavourable. This is due to an unfavourable expected full year expenditure variance of (\$628K) (2%), partially offset by a favourable expected full year revenue variance of \$131K or 0% and a favourable expected full year variance in other gains of \$25K or 100% . All efforts will be made to reduce budget overruns over the remaining year.

Detailed explanations of these expected full year variances are as follows:

Revenue

- **Resource Management \$5.6K** Full year revenue is projected to be marginally higher than budget as unbudgeted funding received from the Ministry for Primary Industries (MPI) for additional biosecurity projects \$40K is largely offset by budgeted funding from the MPI for Project Aquaculture that will not eventuate (\$34.4K) as staff have been advised that the project does not meet the MPI funding criteria.
- **Economic Development (\$62K)** Full year revenue is projected to be lower than budget as dividends received from the Community Investment Fund investments are lower than the budget figures provided by the previous investment fund manager (\$87K), partially offset by a contribution received towards unbudgeted development work undertaken by council in support of the marine industry \$25K.
- **Hazard Management \$30K** Full year revenue is projected to be \$30K higher than budget due to unbudgeted funding from the National Resilience Fund for additional Civil Defence and Emergency Management projects to be carried out. This funding will be offset by higher than budgeted expenditure (as explained below) and will therefore have no effect on council's bottom line.
- **Transport (\$97K)** as follows:
 - **Harbour Safety and Navigation (\$97K)** Full year revenue is projected to be lower than budget as there are less ships requiring pilotage than originally budgeted. The difference arises because budgets are prepared well in advance of the beginning of the financial year and shipping schedules have changed. This can happen for a number of reasons

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including availability of berths in Auckland, which affects their visit to Northland, weather conditions, and mechanical problems. This unfavourable revenue variance is partially offset by cost savings in pilotage expenses, as explained below.

- **Regional Transport Management** is currently tracking behind budget in both revenue and expenditure due to planned work programmes having been on hold as a result of subsidy uncertainty in the early months of the year. Now that NZTA funding has been confirmed Transport staff have undertaken a review of the 2012-2013 budgets and made adjustments where necessary to reflect the funding available and work programmes to be carried out. A paper seeking approval for the resulting overall unfavourable net variance of (\$34K) will be presented to this month's Audit and Finance Committee meeting. Once approved, the revised budget figures will be entered into the finance system and reported against.
- **Support Services and Commercial Investment \$254K** Full year revenue is projected to be higher than budget due to a number of favourable and unfavourable variances including:
 - **Dividend revenue \$221K** as the payout rate on the September 2012 dividend from Northland Port Corporation was higher than budget. This full year projection of revenue is a conservative estimate, and staff will monitor and update the projected full year variance after the next dividend is paid in March 2013;
 - **Penalties on rates \$100K** as penalties are not budgeted for; and
 - **Internal interest revenue (\$67K)** due to the Recreational Facilities Loan having been reduced by the 2009 income tax refund received (\$1.18M), as approved by council at the August 2012 meeting.

Expenditure

- **Resource Management (\$20K)** Full year expenditure is projected to be marginally over budget due to both favourable and unfavourable variances in a number of the cost centres within the Resource Management activity, as follows:
 - **Biosecurity (\$40K)** additional costs to be incurred in carrying out biosecurity work funded by the Ministry for Primary Industries (\$40K) (cost neutral to council). In addition it should be noted that unbudgeted expenditure on Mediterranean Fan Worm eradication (diving and legal advice) of \$7K has been incurred to date and is likely to total approximately \$150K by the end of the year. A paper will be presented Environmental Management Committee in February 2013 proposing that this unbudgeted expenditure be covered by the underspend on site lead programmes and therefore will have no effect on Biosecurity budgets overall. An update on the outcome of this meeting will be given in the next variance report to the Audit and Finance Committee in May 2013.
 - **Planning and Policy \$20K** estimated cost savings as a result of Project Aquaculture not proceeding as external funding is not available. It should be noted that the possible carryovers on a number of planning projects including the Regional Policy Statement, Northland Water, Mooring Strategy and Aquaculture Plan that were signalled to council at the workshop on 30 October 2012 have not been included in these full year variance estimates as their amounts are not known with any certainty, and the variances would be timing differences between years rather than cost savings.
- **River Management \$8K** Full year expenditure is expected to be less than budget due to cost savings on equipment service costs. It should be noted that potentially there may be a need to carry forward some of the consultants budget

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for the Awanui River works and the Kerikeri Waipapa River works projects, as these works are not yet under contract. It is anticipated that approximately \$70K may need to be carried forward for each of these projects (\$140K in total). The reason these works are not under contract is due to the need to resolve technical issues with the river modelling before having sufficient confidence to proceed to the design phase. An update will be given on this matter in the next round of variance reporting in May 2013.

- **Economic Development (\$8K)** Full year expenditure is projected to be marginally over budget due to unbudgeted expenditure totalling \$75K on a number of economic development projects including the Upper North Island Strategic Alliance (UNISA) ports technical study, the North Port review, development work undertaken in support of the marine industry, the Representation Review and costs of managing the Community Investment Fund investments. This unbudgeted expenditure is partially offset by lower than budgeted internal interest costs \$67K as a result of the 2009 income tax refund received (\$1.18M) having been applied to the Recreational Facilities Loan balance as approved by council at the August 2012 meeting.
- **Hazard Management (\$30K)** Full year expenditure is projected to be higher than budget due to costs incurred on unbudgeted CDEM projects, which are funded by the National Resilience Fund as explained above.
- **Transport \$12K** as follows:
 - **Harbour Safety and Navigation \$12K** Full year expenditure is projected to be less than budget due to internal staff resources being used for the majority of pilotage this year as external pilots have not been available. In addition it should be noted that it is expected there will be some costs savings on debris disposal, however the amount of the underspend will not be known until accounts are finalised (this process is currently underway). An update will be given on this matter in the next round of variance reporting in May 2013.
 - **Regional Transport Management** There are no expected full year expenditure variances to report at the end of this quarter.
- **Support Services and Commercial Investments (\$590K)** Full year expenditure is projected to be higher than budget due to both favourable and unfavourable variances across a number of the cost centres that make up this activity, as follows:
 - **Finance and Information Technology (\$471K)** due to projected rates write-offs and remissions (\$481K) based on the 2011-2012 actual figures, partially offset by cost savings on printing of the 2012 Annual Report \$10K.
 - **Human Resources and Health and Safety (\$25K)** due to higher than budgeted recruitment costs as a result of higher staff turnover this year.
 - **Records Management and Administration \$31K** due to cost savings arising from a call on funds by the Riskpool insurance scheme (of which council is a member) taken up in the 2012 financial year that is now not going to proceed \$45K, partially offset by higher than budgeted repairs and maintenance costs on council buildings \$10K and on legislation resources \$4K.
 - **Commercial Investments (\$125K)** due to consultants' costs and legal fees arising from the review of commercial opportunities and the arbitration involving twenty-four commercial properties (twelve owned by Northland Regional Council and twelve owned by Whangarei District Council). The hearing for this arbitration is set down for April 2013. It should be noted, most of the leaseholders have elected to pay rent at the existing rental until the arbitration process is completed. A number of the

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rent reviews date back to late 2009. Once the arbitration is settled, council will issue an invoice to cover the period from the rent review to the current date.

Other Gains

This revenue arises from additional Emissions Trading Scheme New Zealand Units \$25K that were credited to council in January 2013. These credits were expected in the latter part of 2013 (being the 2013-2014 financial year) however they were issued early.

Legal Compliance & Significance Assessment:

The activities detailed in this report are provided for in the council's 2009-2019 Long Term Council Community Plan, and as such are in accordance with the council's decision-making process and Sections 76-82 of the Local Government Act 2002

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is part of normal day to day operations of council, and it does not require a council decision but is for information purposes only.

Recommendation:

1. That the report January Quarter Variance Report – Projected Full Year Variance by Kim Harvey, Financial Accountant, and dated 17 February 2013, be received.
-

**ISSUE: Investment Schedule and Performance –
Financial Report to 24 January 2013**

ID: A297004

To: Audit and Finance Committee Meeting, 26 February 2013

From: Kym Ace, Financial Systems Administrator and Lisa Aubrey,
General Manager Finance and IT

Date: 15 February 2013

Summary The purpose of this report is to provide a summary of investment performance for the year to date, seven month period ending 24 January 2013 and to report compliance against the councils' Treasury Management Policy and the Community Investment Fund Statement of Investment Policy and Objectives (CIF-SIPO). The investment policy included in the Treasury Management Policy is a requirement of section 102(4)(a) of the Local Government Act. The investment policy was adopted as part of the 2012-2022 Long Term Plan. The CIF-SIPO relates to the investment of Community Investment Fund and was adopted at the October 2012 Council meeting. The report concludes with the recommendation that the investment schedule and performance report be received.

**Normal
Operations**



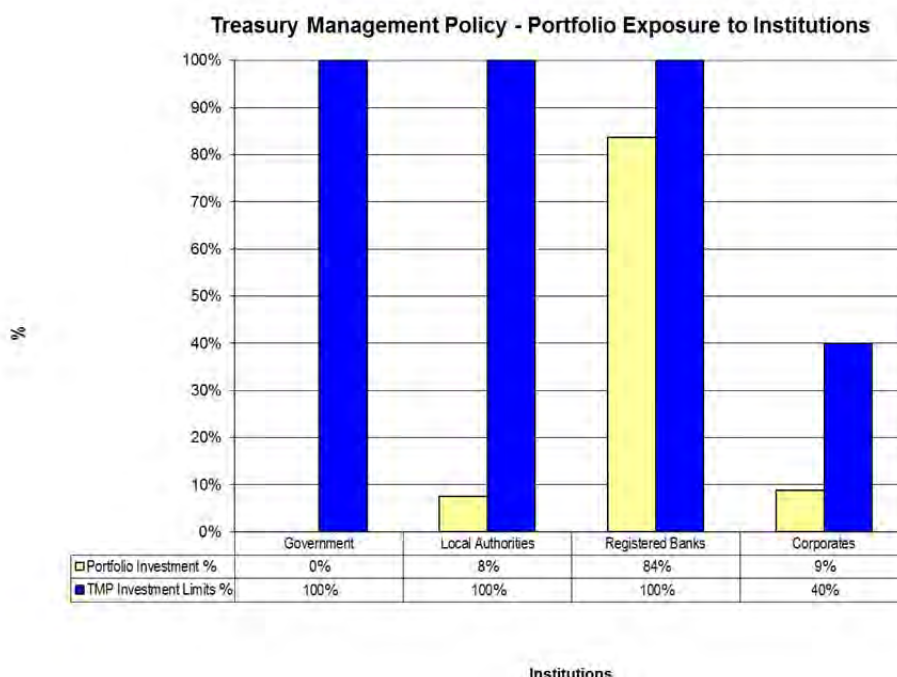
Report:

Performance and compliance against councils' Treasury Management is provided in **section one** of this report and reporting for the Community Investment Fund is provided in **section two**.

Section One:

Investment of cash and stock/bonds

The graph below graphically illustrates council's investment of cash and stock/bonds against the limits set out in the investment policy. Council's investment complies with the investment policy.



Credit rating of investment counterparties

Under council’s Treasury Management Policy (TMP) section 5.3 allows investments to be made in accordance with the following counterparty/issuer:

Counterparty/Issuer	Minimum long term/short term credit rating – stated and possible	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	unlimited	none	unlimited
NZD Registered Supranationals	AAA	20.0	none	20.0
State Owned Enterprises [name]	A-/ A2	5.0	none	5.0
NZ Registered Bank [name]	A-/ A2	20.0	10.0	30.0
Corporate Bonds/ CP [names]*	A-/ A2	2.0	none	2.0
Local Government Stock/ Bonds/ FRN/ CP [name]**	A-/ A2 (if rated) unrated	20.0 5.0	none none	20.0 5.0
* Subject to a maximum exposure no greater than 20% of the NFIP being invested in corporate debt securities at any one point in time. ** Subject to a maximum exposure no greater than 60% of the NFIP being invested in Local Government debt at any one point in time. This summary list will be expanded on a counterparty named basis which will be authorised by the CEO.				

At 24 January council held one investment with Infracore of \$75K (Maturing 15 November 2015) which is non-rated and therefore falls outside the credit counterparty requirements. It has previously been agreed with council to continue to hold these on the basis staff would and maintain a watching brief over this.

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It should be noted, if council approve the recommendation made to the February 2013 Council meeting the above counterparty credit risk profile will change. The proposed changes will reduce the counterparty credit rating for State Owned Enterprises and corporate bonds to BBB/A2.

Interest rate profile

Under council's Treasury Management Policy (TMP) section 5.13 the following interest rate re-pricing percentages, calculated on the projected 12 month rolling Net Financial Investment Portfolio (NFIP) total are allowed:

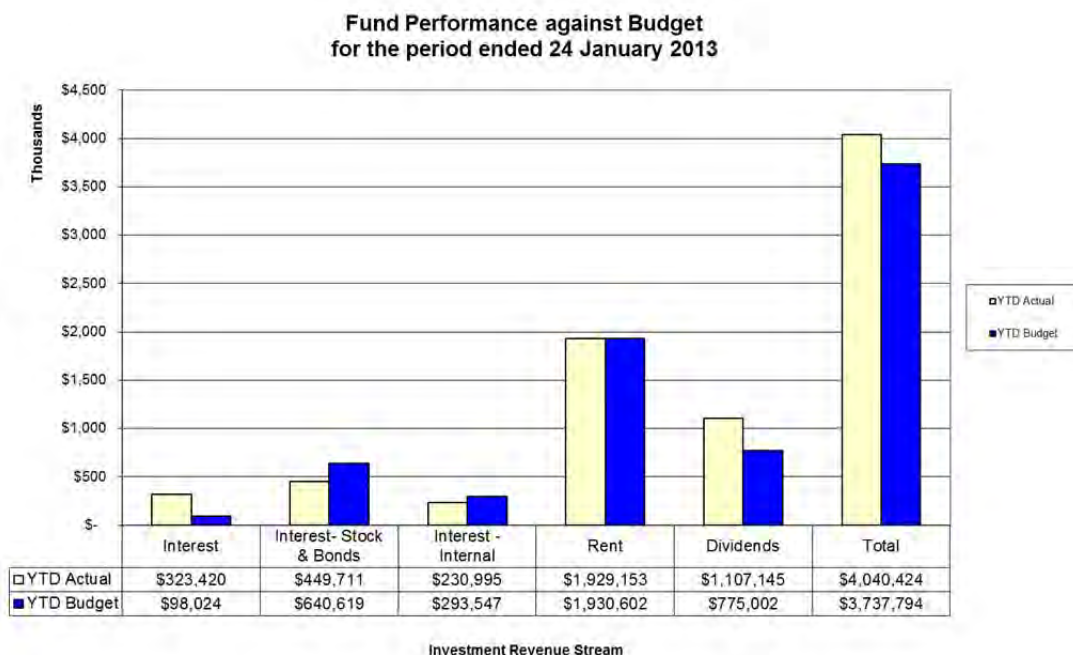
Interest rate re-pricing period	Minimum limit	Maximum limit	Actual at 24-Jan-13	Current Investment face value
0 to 1 year	40% of NFIP	100% of NFIP	84.10%	\$ 22,169,728
1 to 3 years	0% of NFIP	60% of NFIP	15.50%	\$ 4,075,000
3 to 5 years	0% of NFIP	40% of NFIP	0.00%	
5 to 10 years*	0% of NFIP	20% of NFIP	0.50%	\$ 120,000
				\$ 26,244,848

Council's investment complies with the investment policy. The investment value above \$26,244,848 is based on face value. The current market value of these investments is \$26,642,190

Financial year to date performance

Year to date council's investment portfolio (excluding the Community Investment Fund which is covered separately) has made a return of \$4,040,424 against a budgeted return of \$3,737,793. On call funds are currently earning a return of 3.00% and short term deposit between 4.17% and 4.60%.

The breakdown of the year to date return by investment revenue stream is as follows:



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The rate of return by investment revenue stream is shown on the table below, together with the actual weighted average return compared with budgeted weighted average return for the cash and stocks and bonds investments.

Return on Investment to 24 January 2013	Year to Date Actual	Year to Date Budget	YTD Revenue	Actual WACC	Budgeted WACC
Investment Class					
Cash	3.82%	3.89%	\$323,420	1.73%	0.56%
Stocks/Bonds	6.59%	5.68%	\$449,711	2.41%	3.64%
Internal Borrowings	6.83%	6.72%	\$230,995	1.24%	1.67%
Total cash investments			\$1,004,126	5.38%	5.87%
Shares - Port Corp	4.63%	3.70%	\$1,107,145		
Investment Properties	6.94%	6.85%	\$1,929,153		
Total investment revenue – excluding CIF income			\$4,040,424		

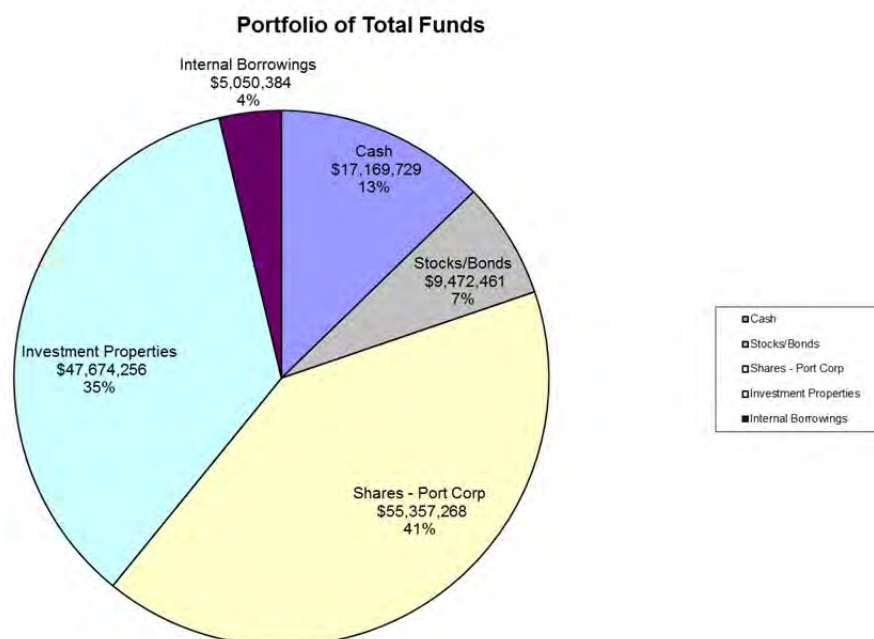
Portfolio of total funds

The total value of the investment portfolio as at 24 January 2013 is \$134,724,097 and is comprised of:

- Cash \$17,169,729
- Stocks/bonds \$ 9,472,461
- Shares – Port Corp¹ \$55,357,268
- Investment properties \$47,674,256
- Internal borrowing² \$5,050,384

¹ Northland Regional Council holds \$22,142,910 shares in Northland Port Corporation (NZ) Limited. The cost value of these shares is \$7,827,563. As at 30 June 2012, the market price of these shares was \$1.89. As at 24 January, the market price is \$2.50.

² Internal borrowing is cash used to fund the contribution made towards the development of the Northland Events Centre. The internal borrowing will be repaid from the Recreational Facilities Rate over an approximate 12 year period.



Northland Port Corporation share price movement

The table below details the share price movement and dividend yield of the Northland Port Corporation's share price in the 2012 financial year compared to the Ports of Tauranga, South Port NZ Limited and Lyttelton Port Company Limited. This information has been provided for comparative or benchmarking purposes.

Share Price Movement to 24 January 2013							
	Quarter 1 Movement (Jan 12 to Mar 12)	Quarter 2 Movement (Apr 12 to Jun 12)	Quarter 3 Movement (Jul 12 to Sept 12)	Quarter 4 Movement (Oct 12 to Dec 12)	Annual Movement	Share Price June 12	Share Price January 13
Northland Port Corp	27%	-1%	7%	21%	67%	1.89	2.50
Ports of Tauranga	7%	2%	14%	14%	32%	11.13	13.90
South Port NZ Ltd	3%	-9%	-33%	-33%	-4%	3.20	3.30
Lyttelton Port Coy Ltd	-2%	0%	60%	60%	5%	2.00	2.10

Dividend Yield						
	Dividend per share 2011	Dividend Yield June 2011	Share Price June 2011	Dividend per share 2012	Dividend Yield June 2012	Share Price June 12
Northland Port Corp	0.075	4.63%	1.62	0.075	3.97%	1.89
Ports of Tauranga	0.310	3.35%	9.25	0.330	2.96%	11.13
South Port NZ Ltd	0.170	5.31%	3.20	0.200	6.25%	3.20
Lyttelton Port Coy Ltd¹	0.000	0.00%	2.35	0.000	0.00%	2.00

¹ Lyttelton Port Coy dividend were deferred until insurance settlement known from earthquakes.

Section Two:

Community Investment Fund (CIF)

Following the disestablishment of the Northland Regional Council Community Trust the CIF was transferred to council on 30 June 2012.

The CIF-Statement Investment Policy and Objectives (SIPO) was approved by council at the October 2012 Council meeting.

The fund is to be managed by **three** managers, each with a different mandate.

- The income assets are to be managed in-house, with assistance from external investment advisors – Asia Pacific Risk Finance (now part of PWC).
- Milford Funds Limited and Schroders Real Return Fund are to manage the remaining funds (funds were transferred to these Managers during December 2012 and January 2013), approved at the October 2012 Council meeting.

In accordance with the clause 7.1 of the CIF SIPO, Independent Investment Advisor, Eriksen and Associates Limited will independently review and report on the three appointed fund managers' performance for the period ending 31 January 2013. This information has been provided to Eriksen and Associates for review and the report will be presented in the March Council meeting.

Transition of the funds existing investments to approved investment managers

Since adopting the CIF SIPO, investment funds were transitioned from the existing investments and allocated to the approved investment managers.

The below table provides a summary of the financial assets, including sale proceeds, transferred from the incumbent investment manager since October 2012. This did not include the cash and bonds transferred to in-house management in September 2012.

	Market Value/Balance 1/7/12 NZD	Market Value Oct 31 NZD	Nett Sales Proceeds	Brokerage & Fees
Australian Equities & Bonds - (sold in February 2013)	\$368,423	\$385,750	\$406,751	\$1,031
NZ Equities	\$3,022,166	\$3,416,583	\$3,444,945	\$8,135
Australian Equities	\$293,651	\$324,535	\$330,495	\$751
Property Asset Trusts	\$472,042	\$516,216	\$492,997	\$1,316
Total equities and bonds transferred from incumbent investment manager - now sold	\$4,156,283	\$4,643,084	\$4,675,189	\$11,231
Cash NZD	\$262,611	\$5,736		

Alternative Investments

These investments have now been transferred to council. These investments are not able to be liquidated. The market value of the funds at 24 January is \$317,751.

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In-house management – overview

The face value of the funds at 24 January is \$5,653,248 and the market value is \$5,771,039. The list of investments held at the 24 January 2013 is shown in the following table:

Coupon Rate %	Issuer	Credit Rating	Face Value	Market Value 30 Dec 2012	Maturity Date
8.22%	ASB	AA-	\$200,000	\$215,371	17-Sep-14
8.00%	AIAL	A-	\$200,000	\$227,326	15-Nov-16
7.25%	AIAL	A-	\$100,000	\$104,017	28-Feb-14
9.66%	ANZ	BBB	\$300,000	\$312,018	Perpetual
8.56%	BNZ	AA-	\$200,000	\$204,197	27-May-13
8.00%	Contact Energy	BBB+	\$300,000	\$316,411	15-May-14
9.00%	Fletcher Building	NR	\$100,000	\$104,695	15-May-14
7.25%	Genesis Power	BBB+	\$100,000	\$104,187	15-Mar-14
7.16%	Merrill Lynch	A-	\$150,000	\$153,161	04-Sep-13
5.42%	Quayside Holdings (Western BoP)	NR	\$200,000	\$201,657	Perpetual
8.50%	Tower Capital	NR	\$400,000	\$413,422	15-Apr-14
7.25%	Z Energy	NR	\$150,000	\$160,220	15-Aug-18
6.92%	Telecom NZ	A-	\$300,000	\$302,126	22-Mar-13
5.15%	Christchurch Intl. Airport Ltd	A-	\$250,000	\$248,984	06-12-19
Total Bonds			\$2,950,000	\$3,067,792	
Cash and Term Deposits					
3.00%	ASB - Call		\$3,248	\$3,248	Call
4.65%	National Bank		\$1,300,000	\$1,300,000	27-Mar-13
4.20%	Westpac BC		\$1,000,000	\$1,000,000	24-Jun-13
4.00%	Kiwibank		\$400,000	\$400,000	23-Apr-13
Total Cash and Term Deposits					
TOTAL Investments			\$5,653,248	\$5,771,040	

Investment Managers

As funds became available from the sale of existing investments, deposits were made with the Schroder's and Milford Asset Management in December and January. A total of \$NZD of \$2M was placed with each manager. The details of these investments are shown in the below table:

Investment Manager	Application Amount	Unit Price	Units Balance	Market Value 31 January NZD \$
Milford Active Growth Fund	\$ 2,000,00	1.8351	1110554.038	\$ 2,037,978
Schroders Real Return Fund	\$ 2,000,00	1.3947	1398585.465	\$ 1,950,650

Compliance against SIPO

- **Counterparty Credit Limit**

The policy states that "no more than 20% can be invested with one issuer". The breakdown of the portfolio by issue is as follows:

Issuer	Percentage of portfolio
ASB	3.37%
AIAL	4.98%
ANZ	26.54%
BNZ	3.32%
WBC	16.59%
Kiwibank	6.64%
Contact Energy	4.98%
Fletcher Building	1.66%
Genesis Power	1.66%
Merrill Lynch	2.49%
Quayside Holdings (Western BoP) Shares	3.32%
Tower Capital	6.64%
Z Energy	2.49%
Telecom NZ	4.98%
Christchurch Int Airport Ltd	4.15%
BHP Billiton Ltd <i>(sold in February 2013)</i>	2.59%
National Australia Bank <i>(sold in February 2013)</i>	3.60%
Total	100.00%

At 24 January 2013 council continued to breach the SIPO by having **26.54%** of the value of the fund invested with ANZ Bank. The ongoing breach, until the term deposit matures and in the short to medium term until the perpetual bond is sold was approved at the November 2012 Audit and Finance Committee meeting. The non-complying ANZ investment relates to a term deposit of \$1.3M (maturing 27 March 2013) and \$300K perpetual bond. The perpetual bond is not senior secured rated and consequently does not meet credit rating requirements. The investments were made prior to the SIPO being approved and prior to the amalgamation of the ANZ and National Banks.

- **Credit Ratings**

Five investments are held that do not meet the required investment grade (S&P rated BBB or equivalent and must be senior secured). The Treasury Management Policy allows legacy non-conforming investments to be held on the basis they are monitored and sold when appropriate market conditions exist.

- **Benchmark Mix**

The current mix of the fund is as follows:

Asset Class	Benchmark %	Ranges	Market Values 24 Jan 2013	Actual investment Allocation %
NZ Fixed Interest	50	20-80	\$ 3,067,792	30%

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Cash	10	5-50	\$ 2,703,249	27%
Income Assets	60	40-80	\$ 5,771,041	57%
Australian Equities	20	10-30	\$ 2,336,400	23%
Global Equities	20	10-30	\$ 2,037,978	20%
Growth Assets	40	20-60	\$ 4,374,378	43%
Total Assets	100		\$ 10,145,419	100%

The Alternative Investments with a current market value of \$317,751 are not included in this table. The Australian Equities includes both the investment with Schrodgers Real Return Fund and the unsold Australian Equities (BHP Billiton Ltd & National Australia Bank, valued at \$385,750).

Income for the period 1 July 2012 to 24 January 2013 from the Community Investment Fund Investments is as follows:

Investment Class	Revenue YTD Actual	Revenue YTD Budget	Variance	Return on Investments Actual YTD (based on 31 January 2013)	Return on Investments Budget YTD
Cash & Bonds	\$236,367	\$246,196	-\$9,829	7.44%	
Equities	\$129,073	\$133,780	-\$4,707	6.25%	
Total Funds	\$355,439	\$379,976	-\$4,536	6.16%	6.30%

The original full year budget assumed a fund value of \$10.012 million. It should be noted with the appointment of new fund managers, forecasted investment revenue may be subject to change.

Compliance with decision making processes:

The activities detailed in this report are in accordance with the council's Treasury Management Policy which was adopted in compliance with the decision making requirements of sections 76-82 of the Local Government Act 2002.

Recommendation:

-
1. That the Investment Schedule and Performance – Financial Report to 24 January 2013 from the Financial Systems Administrator, Kym Ace, and General Manager Finance and IT, Lisa Aubrey, dated 15 February 2013, be received.
-

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ISSUE: Legislative Compliance – Second Quarterly Report

ID: A298146

To: Audit and Finance Committee Meeting, 26 February 2013

From: Kathryn Ross, General Manager Planning and Policy

Date: 15 February 2013

Summary The report provides the committee with an update on the council's legislative compliance for the second quarter of the 2012-2013 financial year. It concludes with the recommendation that the report be received.

Normal Operations



Report:

For the period October 2012 to December 2012, the review of legislative compliance found:

- One area where the council's level of compliance with relevant legislation was non-compliant.
The Draft Annual Plan (DAP) was printed without a 2012-13 budget comparison. It included the 2013-14 Long Term Plan (LTP) budget, the 2013-14 DAP budgets and explanations on any material variances from the LTP. Readers were directed to read the DAP alongside the LTP, which contained the 2012-13 budgets. Since going to print general advice was received from SOLGM (after conversations with OAG and DIA) that the 2012-13 budget was required to be included in the DAP. The advice was prompted after a number of councils had sought clarification on the legal requirements, which were causing confusion within the sector. The Auditors have been informed and the legislative compliance checklists will be updated. While not required to be published in the Annual Plan, staff propose including the 2012-13 budget for completeness.
- Additions and amendments to relevant legislation, including the Local Government Act 2002 and the Biosecurity Law Reform Act 2012, have been reported and changes to processes are being made.

Staff are aligning levels of service, risk management and legislative compliance reporting and are working on updating materials and processes.

Legal Compliance & Significance Assessment:

The activities detailed in this report are provided for in the council's 2012-2022 Long Term Plan and as such are in accordance with the council's decision making processes and sections 76-82 of the Local Government Act 2002. This report and its recommended resolution are considered to be of low significance.

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Recommendation(s):

1. That the report Legislative Compliance – Second Quarterly Report by Kathryn Ross, General Manager Planning and Policy, dated 15 February 2013, be received.
-

ITEM: 3.9

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ISSUE: 2012-2013 Levels of Service Quarterly Report

ID: A298295

To: Audit & Finance Committee Meeting, 26 February 2013

From: Shireen Munday, Corporate Planner

Date: 15 February 2013

Summary The purpose of this report is to report on progress made in delivering agreed levels of service for the 2012-2013 financial year. It concludes with the recommendations that the report is received and that future reports will be in a 'by exception' format.

Normal Operations



Report:

Staff provide two update reports on the progress the council is making towards achieving the non-financial performance targets in relation to the Levels of Service (LOS) as set out in the Long Term Plan (LTP) and as reported through the Annual Report each year.

The complete performance for the full financial year will be reported on publicly as part of the 2012-2013 Annual Report.

Attachment A is the first report which covers the first two quarters of the year, being 1 July through to 31 December. A further update for the third quarter will be provided at the May Audit and Finance Committee meeting.

The report shows the actual progress made to 31 December 2012 in delivering the LOS for each group of activities as outlined for the 2012/13 year in the 2012 LTP. It indicates whether the council is on track to meet its targets for the full 2012-13 financial year.

The report shows that the council is progressing well against all targets, with 21 measures either having already achieved the target for the year or being on track to achieve them. Of the remaining 12 measures only three are not progressing in line with the targets set, with the balance being measures for which data is only available annually.

Summarised on the next page are the three performance measures that are not on target, together with commentary.

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Performance Measure	2012/13 Target	Results Jul-Dec	Commentary
Employment rate - the proportion of the labour force that is in paid employment.	>91.1%	90.5%	There was a small decrease (-0.4%) in the employment rate in the year ended June 2012 as compared to 2011. While there was a slight increase in the number of person employed in Northland during 11/12, those unemployed and looking for work grew faster.
The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters.	<100	96	96 events which resulted in a reduction in water quality of receiving waters were registered by 31 December 2012. This indicates that the target for 2013 will not be achieved, however it is anticipated the overall result will still show a reduction over previous years.
The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.	<40	42	All non-consented farms were monitored by 31 December 2012, with 42 events of unauthorised/prohibited discharges to water. Target for reporting year not achieved, however the number of events only just exceeded the target and shows a significant reduction from the 2010/2011 baseline set (60).

Ongoing Reporting

In the past the report compiled has always provided all measures as contained in the LTP. The 2012-2022 LTP contains 33 measures of which over half (20) are only able to be reported on annually, are by exception measures (e.g. failures of flood protection systems) and/or are already reported to the council regularly via other mechanisms, such as the CEOs report and regular reports to the Environmental Management Committee. In light of this it is proposed that future reporting will be provided on a 'by exception' basis, that is the report will provide information only on those measures that are able to be reported on and are not on target. This will allow councillors to better focus on any areas of concern that the report may raise.

Legal Compliance & Significance Assessment:

This report is in accordance with Schedule 10, Part 1 clause 2(b), of the Local Government Act 2002, whereby the council must develop and report on key performance targets and other measures by which actual levels of service provision may be meaningfully assessed.

Recommendation(s):

-
1. That the report 2012-2013 Levels of Service Quarterly Report by Shireen Munday, Corporate Planner, and dated 15 February 2013 be received.
 2. That future progress reports on LTP performance measures will be based on a 'by exception' basis.
-

Activity	Level of Service	Why it is important	Performance Measure	2010/2011 Baseline	2011-12 Target (as per LTP)	11/12 results	2012-13 Target	Q1/Q2 2012/13 Results (Jul-Dec 12)	Q1/Q2 2012/13 Results (Jul-Dec 12) - Commentary
Resource Management	Promote Maori participation in resource management and decision-making.	Strong, effective and inclusive engagement and decision making that reflects kaitiakitanga responsibilities is likely to achieve better resource management outcomes that meet community aspirations and values.	Management and governance arrangements for resource management include Maori.	Contracts - 2 Monitoring programmes - 2	new measure	no data available	Maintain or increase the number of contracts, joint management agreements, joint decision making and planning arrangements, monitoring programmes, between council and iwi/hapu.	No data available - Annual Measure.	Staff are finalising the technical definition for this new measure and it is anticipated that it will be reported on annually given the length of time required to establish and finalise contracts, joint management agreements etc over the reporting period. Early indications are that this measure will be achieved. Work in progress is establishing the iwi technical forum to support Waioira Northland Water and the establishment of the Kaipara Harbour Governance Group (joint non-statutory committee between iwi, Auckland Council, Kaipara, Whangarei and NRC). There are also a number of monitoring initiatives and CPCA contracts that are likely to contribute to this measure and already running.
	Reduce the impact of introduced pests on environmental, economic and social values.	Reducing pests will contribute positively to the region's economy, environment and culture.	The number of community pest control areas (CPCAs) achieving their targets for pest reduction.	no data available	new measure	no data available	90%	On target	Monitoring of cpcA targets underway and sample survey of possum and rat results recently completed.
	Promote community involvement in pest management.	Expanding the resources involved beyond council and government funds is necessary for successful pest management in Northland.	The number of active community pest control areas (CPCAs).	Achieved (36 in total)	Increases by five annually	38	Increases by five annually.	On target	5 new proposals either confirmed or pending confirmation so far this year.
	Maintain and enhance water quality for swimming and shellfish collection.	The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.	The water in our priority harbours, rivers and at the coast is suitable for swimming except for 2-5 days after rain.	Achieved	Annual median % compliance of 20 representative bathing sites to the Ministry of Environment Guidelines	Achieved	The compliance rates for meeting the Suitability for Recreation Grade (SFRG) is maintained or improved based on the 20 core bathing sites monitored for trends.	No data available - Annual Measure.	5 recreational bathing water quality sampling runs were completed by 31 December 2012.
			Shellfish collection is safe in open coastal areas.	no data available	new measure	no data available	Levels of indicator bacteria in open coastal waters at 15 popular shell fish collections sites is maintained or improved.	No data available - Annual Measure.	
	Protect the life-supporting capacity of water, in-stream uses and values.	Having healthy rivers support our region's biodiversity and is a community expectation.	The water in our streams supports a healthy habitat for flora and fauna.	Refer page 97 2012 LTP	new measure	no data available	The macroinvertebrate community index (MCI) at 10 regionally representative sites show improving or maintained trends.	On target	5 sites had slightly higher MCI scores, 4 sites had slightly lower scores and 1 site had the same score. Given that the variation in MCI scores is relatively small and can probably be attributed to natural variability, the results indicate that the life supporting capacity/habitat quality at the sites is being maintained. Testing for the 2012/13 year has been completed and this target is achieved for the 2012/13 year.
	Maintaining and enhancing water quality in our rivers and coastal waters.	Consented activities should operate within their consents and not lower downstream water quality to ensure the integrity of the regional plans and overall environment.	The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters.	111	new measure	no data available	Less than 100	Not on target	96 events which resulted in a reduction in water quality of receiving waters were registered by 31 December 2012. This indicates that the target for 2013 will not be achieved.
		Non-consented farms should comply with the permitted activity criteria which have been put in place to avoid/remedy/mitigate adverse effects on the environment.	The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.	60	new measure	45	Less than 40	Not on target	All non-consented farms were monitored by 31 December 2012, with 42 events of unauthorised/prohibited discharges to water. Target for reporting year not achieved, however the number of events only just exceeded the target and shows a significant reduction from the 2010/2011 baseline set.

Activity	Level of Service	Why it is important	Performance Measure	2010/2011 Baseline	2011-12 Target (as per LTP)	11/12 results	2012-13 Target	Q1/Q2 2012/13 Results (Jul-Dec 12)	Q1/Q2 2012/13 Results (Jul-Dec 12) - Commentary
Resource Management	Efficient and effective compliance monitoring of resource consents.	To ensure compliance with conditions which have been put in place to avoid/remedy/mitigate adverse effects on the environment.	Those consents requiring monitoring are monitored as per the council's monitoring programme.	90%	new measure	100%	100%	On target	
		The community expect that consent conditions will be met so that the environment is protected.	The appropriate action is taken to rectify significant non-compliances.	Not achieved (69%)	100%	100%	100%	On target	
	Maintaining a high standard of ambient air quality.	The community expect that air quality will be maintained to acceptable levels.	Air sheds meet the national environmental standards.	100%	new measure	100%	100%	On target	100% compliance in the airsheds being monitored.
	Efficient and effective response and resolution of reported environmental incidents.	To ensure timely and appropriate response to environmental incidents that has the potential to result in significant environmental effects.	Incidents reported to the Environmental Hotline, where more than minor environmental effects have been confirmed, are resolved within 30 working days.	no data available	new measure	no data available	70%	On target	37 incidents reported during the period, with more than minor environmental effects, 100% resolved within 30 WDs.
	Efficient and effective processing and administering of resource consents.	Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.	All resource consent applications are processed in a timely manner.	Achieved (99.4%)	new measure	99.7%	98%+ of all applications processed within the statutory timeframes.	On target	228 decisions issued within period processed within statutory timeframes (100%).
no data available				new measure	no data available	Bore permits processed within 5 WDs	On target	1 bore permit received during the period was not processed within 5 WDs but was processed within statutory timeframes.	
River Management	Building flood protection schemes to protect life and property.	Well designed flood protection systems protect human life and damage to property and infrastructure.	Number of failures of flood protection system for the Awanui, Whangarei, and Kaeo, schemes below specified design levels.	no data available	new measure	Zero failures	Zero failures.	On target	No failures. Urgent repair works undertaken to the Awanui Scheme to prevent failure of a critical section of stopbank on the Tarawhataroa Stream. Design of the Whangarei Kotuku detention dam proceeding well, with consent applications lodged. Construction of the Kaeo flood scheme deferred to 2013/14 due to land use agreements not able to be obtained in time for construction, resource consent has been obtained. No challenging flood events year to date. Maintenance works contracts for each of the schemes have been tendered and awarded.
	Maintaining flood protection schemes to protect life and property.	Implementing the minor works programme ensures the river systems work to their best ability.	Implement the programmed minor flood control works for other rivers in accordance with the approved annual budgets.	no data available	new measure	100%	100% of programmed minor works completed.	On target	Of the 10 works scheduled for the 12/13 year, 2 have been completed. Stakeholders have been consulted on many of the works and these are being readied for implementation.
Economic Development	Investing in economic projects and ventures within Northland to increase Northland's economic performance.	Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.	Employment rate - the proportion of the labour force that is in paid employment.	91.5%	new measure	91.1%	Increases annually.	Not on target	There was a small decrease (-0.4%) in the employment rate in the year ended June 2012 as compared to 2011. While there was a slight increase in the number of person employed in Northland during 2011/12, those unemployed and looking for work grew faster. The employment rate stood at 90.5% for the year ended December 2013.
			Business growth - the ratio of business start-ups to business closures. See note below.	0.74	new measure	0.66	Increases annually.	No data available - Annual Measure.	
			Economic growth - real GDP per usual resident population.	\$20,521	new measure	\$21,408	Increases annually.	No data available - Annual Measure.	
Hazard Management	Maintaining a responsive and efficient civil defence emergency management system.	Providing timely information and warnings helps protect the public and property.	Nationally issued warnings are acknowledged within 30 minutes.	no data available	new measure	100%	100%	On target	All warnings acknowledged within the specified time frame and appropriate action taken.

Activity	Level of Service	Why it is important	Performance Measure	2010/2011 Baseline	2011-12 Target (as per LTP)	11/12 results	2012-13 Target	Q1/Q2 2012/13 Results (Jul-Dec 12)	Q1/Q2 2012/13 Results (Jul-Dec 12) - Commentary
Hazard Management	Maintaining an effective civil defence emergency management system.	Maintaining effective plans and response procedures is an important way to reduce the impact of any emergency situation.	Emergencies are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	100%	100%	100%	100%	On target	No events occurred.
	Providing accurate and timely flood warnings.	Timely warnings are important to enable communities to take precautionary measures and safeguard property and livestock.	Accurate and timely flood warnings issued.	no data available	new measure	100%	100%	On target	All warnings acknowledged within the specified time frame and appropriate action taken.
	Maintaining an efficient and responsive and efficient Oil pollution response.	There is a high public expectation that our response will be effective and efficient.	Evaluate and respond to a report of an oil spill within one hour of the report being received.	100%	new measure	100%	100%	On target	
	Maintaining natural hazard information and assessments to protect life and property.	Identification of natural hazards and risk reduction options enables people to make an informed decision about the risks and what level of risk they are prepared to accept or mitigate. This information also flows into policy and land use planning which help to reduce risk where risk is deemed unacceptable.	Maintain hazard information for river flooding and beach profiles.	Achieved	Priority beach profile sites monitored twice yearly.	Achieved	Priority beach profile sites updated biennially.	On target	
			Maintain hazard information for river flooding and beach profiles.	no data available	new measure	Achieved	Flood level monitoring at priority rivers updated within 1 month following every large flood event.	On target	No events occurred.
Transport	Embed safety in the thinking of all Northland road users.	There is a community expectation and national directive to make our roading network safer.	Reducing the annual number of fatal motor vehicle crashes in Northland.	20	new measure	7	<20	No data available - Annual Measure.	Data is derived from annual NZTA reports. Unconfirmed data indicates however that the result is tracking well.
			Reducing the annual number of serious injury motor vehicle crashes in Northland.	88	new measure	84	< 115	No data available - Annual Measure.	Data is derived from annual NZTA reports. Unconfirmed data indicates however that the result is tracking well.
	Providing an efficient and effective public bus service.	A reliable and effective bus service will have an increasing number of patrons.	Number of passengers for the Whangarei urban bus service.	287,006	new measure	297,305	Increases annually.	On target	164,135 bus passengers for the Whangarei urban bus service at 31 December 2012.
	Maintaining navigation aids for safe navigation.	Safety of harbour and coastal waters. Also mitigates environmental problems of oil spills from wrecks.	Failures to navigation aids are repaired within five working days of reporting.	no data available	new measure	100%	100%	On target	100% to date.
	Providing safe pilotage services for vessels entering the Bay of Islands.	Pilotage provides additional safety. Large ships carry large amounts of oil.	Number of incidents from providing pilotage services within BOI harbours.	0	new measure	Zero incidents.	Zero incidents related to pilotage.	On target	100% to date.
Community Representation and Engagement	Maintaining effective, open and transparent democratic processes.	This is council in action - facilitating community participation in decision making.	Submissions received on council's long term plans and annual plan.	11/12 Annual Plan 222 submissions. 2009-2019 Long Term Plan 612 submissions.	new measure	2012/22 LTP:976	Increasing number of submissions for Annual Plans and Long Term Plans.	No data available - Annual Measure.	
		Providing responses to submitter feedback enhances the experience of submitters and encourages their ongoing participation in local government decision making processes.	Time to respond to submitters post adoption of annual plans and long term plans.	Responses to 10/11 Annual Plan - achieved.	new measure	Responses to 11/12 Annual Plan - Achieved	Within one month of adoption.	On target	Responses to 2012/2022 LTP sent within one month.
	Providing effective advocacy on behalf of Northlanders on matters of regional significance.	This is council in action - advocating for Northlanders on issues of importance to them.	Level of advocacy undertaken on issues of importance to Northland over and above government submission processes.	no data available	new measure	no data available	10 submissions made annually.	tbc	

ISSUE: 2011/2012 Customer Satisfaction Survey – Consents Department

ID: A297898

To: Audit & Finance Committee Meeting, 26 February 2013

From: Colin Dall, Consents/Monitoring Senior Programme Manager

Date: 14 February 2013

Summary: The purpose of this report is to advise the Committee of the results from the last annual customer satisfaction survey undertaken by the Council's Consents Department. It concludes with the recommendation that this report be received.

Normal Operations

Report:

BACKGROUND

The council's Consents Department undertakes an annual customer satisfaction survey. This involves sending a questionnaire to most of the applicants who applied for resource consents during the period (financial year) covered by the survey. Survey forms are not sent to the council's 'regular' customers (e.g. the three district councils, New Zealand Transport Agency etc). This annual survey has now been carried out over the last 15 years.

RESULTS FOR 2011/2012 SURVEY OF CONSENT HOLDERS

The summary results for the survey, expressed as percentages of the total number of respondents, are **attached**, together with the results for the previous eight financial years. It should be noted that, while informative, this year's results are responses from 82 out of the 297 forms sent out (a response rate of some 28%) and therefore only an indication on general trends is possible. The margin of error is estimated to be around $\pm 6.5\%$.

Helpfulness and Accessibility of Staff

Helpfulness of staff has maintained a good result (Question 1), with 96% of respondents ranking staff as either "Good" or "Very Good". The 2011/2012 result is better than that of any of the results for the preceding eight surveys. Contacting the relevant council staff member was not identified as an issue for applicants with no respondents recording that they had difficulty in making contact (Question 2).

Need for a Resource Consent

The vast majority (90%) of the respondents accepted the need for a consent for their proposed activity (Question 3), which is also the highest level recorded in the last nine surveys. Furthermore, only 5% (1 in 20) respondents thought that their activity either shouldn't have required consent or should have been allowed as a permitted activity.

Ease of Understanding Forms and Explanatory Notes

The vast majority of respondents found understanding the application forms and the explanatory notes either "Easy" or "Very Easy" (Questions 4 and 5). This result is generally similar to those of most of the previous eight surveys.

ITEM: 3.10

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Time Taken to Process Applications

Respondents recorded a very high level of satisfaction (96% satisfied) on the time taken to process their applications (Question 6), at least 10% higher than any of the preceding eight surveys.

Satisfaction with Hearing

There were two respondents whose application went to a formal hearing that expressed a view on the venue and process for the hearing of their application (Question 7). Both respondents indicated that they were "Very Satisfied" with the venue and the hearing process. This result needs to be interpreted with caution given the very small number of respondents.

Consent Processing Charges

Some 64% of respondents considered that the charge for processing their application was fair and reasonable, compared with an average of 59% for the preceding eight surveys. However, some 20% of respondents did not respond to this specific question, leaving some 16% of respondents recording that they did not consider that the charge for processing their application was fair and reasonable. The latter is the lowest level of dissatisfaction with consent processing charges recorded in the last nine surveys.

Overall Satisfaction with Council Performance

A ranking of "Outstanding", "Very Good" and "Good" can be considered to be complimentary of the council's performance. For the 2011/2012 financial year, 91% of respondents were complimentary in terms of overall satisfaction with the performance of the council (Question 9). This level of satisfaction is higher than that of any of the preceding 8 surveys (81% on average).

Summary

The overall results for the 2011/2012 financial year are better than those for any of the preceding eight financial years.

Compliance with Decision Making Process

The activities detailed in this report are provided for in the council's 2012-2022 Long Term Plan, and as such are in accordance with the council's decision-making process and sections 76-82 of the Local Government Act 2002.

Recommendation:

1. That the report 2011/2012 Customer Satisfaction Survey – Consents Department by Colin Dall, Consents/Monitoring Senior Programme Manager, dated 14 February 2013, be received.
-

NORTHLAND REGIONAL COUNCIL

SURVEY OF RESOURCE CONSENT HOLDERS 2004 to 2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Overall, how would you rate the helpfulness of staff dealing with your application?									
Very Good	54%	48%	71%	72%	73%	65%	60%	64%	74%
Good	37%	37%	19%	18%	20%	27%	29%	24%	22%
Adequate	4%	9%	8%	8%	1%	7%	8%	8%	1%
Poor	-	4%	-	1%	-	-	1%	2%	2%
No Response	5%	2%	2%	1%	6%	1%	2%	2%	1%
2. Did you ever experience difficulty contacting the consents officer dealing with your application? eg. left a message and received no follow-up.									
Yes	8%	9%	5%	9%	1%	5%	3%	2%	-
No	90%	88%	89%	87%	90%	91%	94%	93%	96%
No Response	2%	3%	6%	4%	9%	4%	3%	5%	4%
3. Did you think that you should have had to apply for consent for the activity you applied for, or that the activity should have been allowed without having to apply for a consent?									
Yes	74%	79%	67%	82%	76%	77%	78%	83%	90%
No	24%	19%	25%	15%	17%	21%	17%	16%	5%
No Response	2%	2%	8%	3%	7%	2%	5%	1%	5%
4. How easy were the application forms to understand?									
Very Easy	11%	12%	12%	24%	13%	19%	9%	13%	21%
Easy	60%	68%	64%	59%	65%	48%	63%	65%	62%
Not Easy	20%	13%	16%	9%	13%	29%	24%	16%	16%
Difficult	8%	4%	1%	4%	3%	2%	2%	3%	1%
No Response	1%	3%	7%	4%	6%	2%	2%	3%	-
5. Were the explanatory notes given together with the form easy to understand?									
Very Easy	21%	12%	12%	26%	13%	18%	8%	16%	23%
Easy	67%	68%	64%	56%	70%	58%	69%	67%	68%
Not Easy	11%	15%	16%	12%	10%	22%	19%	10%	9%
Difficult	1%	1%	1%	-	-	-	1%	1%	-
No Response	0	4%	7%	6%	7%	2%	3%	6%	-

ITEM: 3.10

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2004 2005 2006 2007 2008 2009 2010 2011 2012

6. Are you satisfied with the time it took to process your application?

Yes	74%	79%	82%	86%	77%	84%	82%	80%	96%
No	20%	12%	12%	13%	16%	13%	14%	16%	4%
No Response	6%	9%	6%	1%	7%	3%	4%	4%	-

7. If a hearing was held, how satisfied were you with the place and process for the hearing?

Not Applicable	87%	85%	83%	92%	89%	87%	89%	90%	87%
Very Satisfied	-	-	2%	3%	1%	1%	1%	1%	2%
Satisfied	7%	3%	1%	-	3%	1%	2%	1%	-
Dissatisfied	-	-	-	-	-	-	-	-	-
Very Dissatisfied	-	-	-	-	-	-	1%	-	-
No Response	6%	12%	14%	5%	7%	11%	7%	8%	11%

8. Do you think the Regional Council's charges for processing your application are fair and reasonable?

Yes	45%	56%	58%	66%	65%	58%	58%	66%	64%
No	37%	31%	28%	28%	18%	29%	29%	20%	16%
No Response	18%	13%	14%	6%	17%	13%	13%	14%	20%

9. Thinking about your experience with processing a resource consent application overall, how would you rate the performance of the Northland Regional Council?

Outstanding	11%	9%	4%	17%	3%	13%	8%	12%	22%
Very Good	35%	34%	51%	55%	53%	46%	45%	51%	58%
Good	24%	31%	24%	14%	33%	22%	30%	22%	11%
Adequate	18%	12%	13%	5%	4%	14%	11%	9%	4%
Poor	3%	6%	2%	6%	3%	2%	3%	3%	1%
No Response	9%	8%	6%	3%	4%	3%	3%	3%	4%

ITEM: 3.11

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ISSUE: Finalised Amendments to 2012/2013 Transport Operations Budget

ID: A258577

To: Audit and Finance Committee Meeting, 26 February 2013

From: Chris Powell, Transport Operations Senior Programme Manager

Date: 15 February 2013

Summary: The purpose of this report is to inform the committee of changes to the Transport Operations Budget 2012/2013 due to the reduction in Financial Assistance Rates (subsidies) as provided by New Zealand Transport Agency for transport and road safety related activities. It concludes with the recommendation that the committee approve the changes.

Normal Operations:

Report:

The purpose of this paper is to advise the Audit and Finance Committee of changes to the 2012/2013 Transport Operations Budget resulting from the reduction in the NZ Transport Agency's (NZTA) Financial Assistance Rates (subsidies) provided for transport and road safety related activities.

Background

At the October 2012 full Council meeting, a paper entitled "New Zealand Transport Agency Changes to Financial Assistance Rates" was presented, detailing the possible financial implications to council resulting from the reduced NZTA subsidies for the 2012/2015 Regional Land Transport Programme period. At the meeting council resolved:

"That until such time the New Zealand Transport Agency has provided definitive answers to the various funding requests, council consider the adoption of Scenario 4 by suspending all expenditure provided for the administration and co-ordination of the Regional Transport Committee until the future of the Regional Transport Committee has been finalised."

Revised Budget

Negotiations were re-opened after the release of Northland's 2012/2015 Regional Land Transport Programme (RLTP), and staff have been successful in attracting some subsidies not previously approved by NZTA (primarily for administration). However, NZTA have again confirmed their decision not to subsidise Regional Transport Committees (RTC) costs, which include members' salaries and committee administration and support costs. This is in anticipation of legislative changes to the Land Transport Management Act 2008 anticipated to come into effect in late 2013.

Budget Implications

The Transport Operations budget has been revised, and where possible costs have been re-allocated within the department. However, cuts to subsidy revenue would result in a net unbudgeted cost increase to council of \$34,885 if the RTC is to continue to meet and operate as scheduled to cover its programmed work (and again the

ITEM: 3.11

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associated administration and support costs). If this unbudgeted expenditure is incurred, it would need to be funded from either operational surplus (should that occur) or reserves. The committee is also advised that these reductions in available support subsidy revenue will also impact on the 2013/2014 and 2014/2015 Transport Operations budget. At the time of writing this report, staff are compiling a submission to the Annual Plan detailing the financial implications for this period.

Legal compliance and significance assessment:

The activities detailed in this report are provided for in the Land Transport Amendment Bill and the council's 2012-2022 Long Term Plan and as such are in accordance with the council's decision making processes and sections 76-82 of the Local Government Act 2002.

Recommendations:

1. That the report Finalised Amendments to 2012/2013 Transport Operations Budget by Chris Powell, Transport Operations Senior Programme Manager, dated 15 February 2013, be received.
 2. That the Audit and Finance Committee approve the net increase in the Transport Operations budget of \$34,885 for the 2012/2013 financial year to continue to fund the Regional Transport Committee, funded from either operational surplus or reserves.
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ITEM: 4.0

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ISSUE: Business with the Public Excluded

ID: A298547

To: Audit and Finance Committee Meeting, 26 February 2013

From: Lisa Aubrey, General Manager Finance and IT

Date: 15 February 2013

Summary The purpose of this report is to seek the committee's resolution that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below.

Normal Operations

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1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
 2. That the general subject of the matter to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reason\Grounds
4.1	Minutes of Confidential Meeting held 27 November 2012	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.
4.2	NEST - Six Monthly Reporting for period ending 31 December 2012	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (section 7(2)(b)(ii).
4.3	Update on Lease Negotiations - Countdown Kensington	To protect information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, including commercial activities and industrial negotiations (section 7(2)(i).
