

## **NORTHLAND REGIONAL COUNCIL**

# **Agenda**

For meeting to be held at the Council Chamber, Northland Regional Council,  
36 Water Street, Whāngārei, on Thursday 11 July 2013,  
commencing at 1 pm

**Recommendations contained in the council agenda are NOT council decisions.  
Please refer to council minutes for resolutions.**

### **OPEN MEETING**

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<b>3.0</b>	<b>PRESENTATIONS</b>	
	There are no presentations	

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<p><b>ACC</b> - Accident Compensation Corporation</p> <p><b>AHB</b> - Animal Health Board</p> <p><b>ALGIM</b> - Association of Local Government Information Management</p> <p><b>AMA</b> - Aquaculture Management Area</p> <p><b>BOI</b> - Bay of Islands</p> <p><b>BOPRC</b> - Bay of Plenty Regional Council</p> <p><b>CAPEX</b> - Capital Expenditure (budget to purchase assets)</p> <p><b>CBEC</b> - Community, Business and Environment Centre</p> <p><b>CDEM</b> - Civil Defence Emergency Management</p> <p><b>CEG</b> - Co-ordinating Executive Group – Northland Civil Defence management team</p> <p><b>CEO</b> - Chief Executive Officer</p> <p><b>CIMS</b> - Co-ordinated Incident Management System (emergency management structure)</p> <p><b>CMA</b> - Coastal Marine Area</p> <p><b>CPCA</b> - Community Pest Control Areas</p> <p><b>CRI</b> - Crown Research Institute</p> <p><b>DHB</b> - District Health Board</p> <p><b>DOC</b> - Department of Conservation</p> <p><b>DOL</b> - Department of Labour</p> <p><b>DPMC</b> - Department of Prime Minister and Cabinet</p> <p><b>ECA</b> - Environmental Curriculum Award</p> <p><b>ECAN</b> - Environment Canterbury</p> <p><b>EE</b> - Environmental Education</p> <p><b>EECA</b> - Energy Efficiency Conservation Authority</p> <p><b>EEZ</b> - Exclusive Economic Zone</p> <p><b>EF</b> - Environment Fund</p> <p><b>EMA</b> - Employers and Manufacturers Association</p> <p><b>EMC</b> - Environmental Management Committee</p> <p><b>EOC</b> - Emergency Operations Centre</p> <p><b>EPA</b> - Environmental Protection Authority</p> <p><b>FDE</b> - Farm Dairy Effluent</p> <p><b>FNDC</b> - Far North District Council</p> <p><b>FNHL</b> - Far North Holdings Limited</p> <p><b>FPP</b> - First Past the Post – voting system for NRC elections</p> <p><b>GE</b> - Genetic Engineering</p> <p><b>GIS</b> - Geographic Information System</p> <p><b>GMO</b> - Genetically Modified Organism</p> <p><b>HASNO</b> - Hazardous Substances &amp; New Organisms Act</p> <p><b>HBRC</b> - Hawke's Bay Regional Council</p> <p><b>HEMP</b> - Hapū Environmental Management Plan</p> <p><b>Horizons</b> - Brand name of Manawatu-Wanganui Regional Council</p> <p><b>HR</b> - Human Resources</p> <p><b>IEMP</b> - Iwi Environmental Management Plan</p> <p><b>IPPC</b> - Invited Private Plan Change: a process to allow Aquaculture Management Areas to be established</p> <p><b>IRIS</b> - Integrated Regional Information System: new computer system being developed collaboratively with other Regional Councils</p> <p><b>KDC</b> - Kaipara District Council</p> <p><b>KPI</b> - Key Performance Indicator</p> <p><b>LATE</b> - Local Authority Trading Enterprise</p> <p><b>LGA</b> - Local Government Act 2002</p> <p><b>LGNZ</b> - Local Government New Zealand</p> <p><b>LGOIMA</b> - Local Government Official Information and Meetings Act 1987</p> <p><b>LGOL</b> - Local Government Online</p> <p><b>LTP</b> - Long Term Plan</p> <p><b>LTFS</b> - Long Term Financial Strategy</p> <p><b>MCDEM</b> - Ministry of Civil Defence &amp; Emergency Mgmnt</p> <p><b>MFE</b> - Ministry for the Environment</p> <p><b>MHWS</b> - Mean High Water Springs</p> <p><b>MNZ</b> - Maritime New Zealand</p> <p><b>MOH</b> - Ministry of Health</p> <p><b>MOT</b> - Ministry of Transport</p>	<p><b>MPI</b> – Ministry of Primary Industries</p> <p><b>MSD</b> - Ministry of Social Development</p> <p><b>NCMC</b> - National Crisis Management Centre</p> <p><b>NES</b> – National Environmental Standards</p> <p><b>NDHB</b> - Northland District Health Board</p> <p><b>NZRC</b> - New Zealand Refining Company (Marsden Point)</p> <p><b>NGO</b> - Non-Governmental Organisation</p> <p><b>NIF</b> - Northland Intersectoral Forum</p> <p><b>NIWA</b> - National Institute of Water and Atmosphere</p> <p><b>NORTEG</b> - Northland Technical Advisory Group</p> <p><b>NPC</b> - Northland Port Corporation</p> <p><b>NZCPS</b> - New Zealand Coastal Policy Statement</p> <p><b>NZTA</b> - New Zealand Transport Agency</p> <p><b>NZQA</b> - New Zealand Qualifications Authority</p> <p><b>NZWWA</b> - New Zealand Water and Wastes Association</p> <p><b>OFI</b> - Opportunity for Improvement</p> <p><b>ORC</b> - Otago Regional Council</p> <p><b>OSH</b> - Occupational Safety &amp; Health (now Ministry of Business, Innovation and Employment)</p> <p><b>PDF</b> - Portable Document Format</p> <p><b>PPE</b> - Personal Protective Equipment</p> <p><b>RAP</b> - Response Action Plan</p> <p><b>RAQP</b> - Regional Air Quality Plan</p> <p><b>RCP</b> - Regional Coastal Plan</p> <p><b>RFI</b> - Request for Information</p> <p><b>RFP</b> - Request for Proposal</p> <p><b>RTC</b> - Regional Transport Committee</p> <p><b>RLTS</b> - Regional Land Transport Strategy</p> <p><b>RMA</b> - Resource Management Act 1991</p> <p><b>RMG</b> - Resource Managers Group (Regional Councils)</p> <p><b>RMZ</b> - Riparian Management Zone</p> <p><b>ROI</b> - Return on Investment</p> <p><b>RPMS</b> - Regional Pest Management Strategy</p> <p><b>RPS</b> - Regional Policy Statement</p> <p><b>RSG</b> - Regional Sector Group</p> <p><b>RTO</b> - Regional Tourism Organisation</p> <p><b>RWASP</b> - Regional Water and Soil Plan</p> <p><b>SCAR</b> - SmartStream Council Activity Reporting</p> <p><b>SITREP</b> - Situation Report</p> <p><b>SMF</b> - Sustainable Management Fund</p> <p><b>SOE</b> - State of Environment (or) State Owned Enterprise</p> <p><b>SOLGM</b> - Society of Local Government Managers</p> <p><b>SPARC</b> - Sport &amp; Recreation New Zealand</p> <p><b>SRC</b> - Southland Regional Council (Environment Southland)</p> <p><b>STV</b> - Single Transferable Vote</p> <p><b>SWAG</b> - Surface Water Allocation Group</p> <p><b>SWPA</b> - Sustainable Water Programme of Action</p> <p><b>TA</b> - Territorial Authority: City &amp; District Councils</p> <p><b>TAC</b> - Technical Advisory Group</p> <p><b>Tier 1</b> - Site level plan or response for an oil spill</p> <p><b>Tier 2</b> - Regional level plan or response to an oil spill</p> <p><b>Tier 3</b> - National level plan or response to an oil spill</p> <p><b>TLA</b> - Territorial Local Authority – City &amp; District Councils</p> <p><b>TMP</b> - Treasury Management Plan</p> <p><b>TOR</b> - Terms of Reference</p> <p><b>TPK</b> - Te Puni Kōkiri (Ministry of Maori Development)</p> <p><b>TRAION</b> - Te Rūnanga a Iwi o Ngāpuhi</p> <p><b>TRC</b> - Taranaki Regional Council</p> <p><b>TROTR</b> - Te Rūnanga o Te Rarawa</p> <p><b>TUANZ</b> - Telecommunications Users Association of NZ</p> <p><b>WCRC</b> - West Coast Regional Council</p> <p><b>WDC</b> - Whangarei District Council</p> <p><b>WHHIF</b> - Whangarei Harbour Health Improvement Fund</p> <p><b>WRC</b> - Waikato Regional Council</p> <p><b>WWTP</b> - Wastewater Treatment Plant</p>
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**ISSUE: Chairman's Report to Council****ID:** A549128**To:** Council Meeting, 11 July 2013**From:** Craig Brown, Chairman**Date:** 28 June 2013

**Summary** The purpose of this report is to provide an update from the Chairman for June 2013. It concludes with the recommendation that the report be received.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Meetings/events attended:**

During the period I attended the following meetings/events/functions:

- Meetings attended with the council's CEO, Malcolm Nicolson:
  - Audit NZ workshop – Working together for better results.
  - Local Government Commissioners – further information regarding local government reform.
  - Moorings and Marina Subcommittee – Marina Developments Ōpua.
  - Resin and Wax - Northland minerals and added-value processing opportunity.
  - Northland Mayoral Forum hosted by Northland Regional Council (NRC).
  - Lianne Dalziel, Opposition Spokesperson on Civil Defence, along with staff from NRC's Civil Defence team.
  - First annual hui for Northland Economic Action Group.
  - UNISA Mayors and Chairs meeting Tauranga.
- Ken Cooper and Richard Ayton, Northland Community Foundation.
- Catch up meeting with Morris Cutforth, Mayor, Whāngārei District Council.
- Ruakaka Parish Residents' and Ratepayers' Association AGM.
- Ruakaka business breakfast meeting.
- Northland Effluent Project Improvement Group.
- Craig Busch – Kingdom of Zion.
- Chaired Kaeo River-Whangaroa Catchment Liaison Committee meeting.

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**Correspondence:**

During June I sent out the following correspondence:

<b>Date</b>	<b>Addressed To</b>	<b>Subject</b>
12.06.13	Commissioners Local Government Commission	Local government reform – feedback
13.06.13	James Bellamy Whāngārei Community Gardening Group	Formal complaint – breach of code of conduct by elected member
14.06.13	Zelka Grammer	Environmental Management Committee iwi/cultural rep and GE issues
14.06.13	Anna Murphy	GE issues
19.06.13	Basil Morrison Chairman Local Government Commission	Change of timeline for reorganisation of Local Government in Northland
19.06.13	Jim Ashby	Mooring access Upper Kawakawa River
19.06.13	Hon Chris Tremain Minister of Local Government	Local boards for Northland
19.06.13	Hon Phil Heatley Member of Parliament for Whāngārei	Local boards for Northland
24.06.13	David Linton	New Zealand Coastal Policy Statement
24.06.13	Kiwi North	Letter of support for funding application
25.06.13	David and Robyn Clarkson	GMO's and the NRC Regional Policy Statement proposal

**Legal compliance:**

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 to 82 of the Local Government Act 2002.

**Recommendation:**


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That the Chairman's report dated 28 June 2013 be received.

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**ISSUE: Chief Executive's Report to Council****ID:** A547503**To:** Council Meeting, 11 July 2013**From:** Malcolm Nicolson, Chief Executive Officer**Date:** 1 July 2013**Summary:** The purpose of this report is to provide an overview of recent council organisation activity. It concludes with the recommendation that the report be received.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:****5.1 – COMMUNITY REPRESENTATION AND ENGAGEMENT****GOVERNANCE MATTERS****Annual Plan**

The final Annual Plan 2013/14 was adopted at the council meeting on 18 June 2013. Final response letters summarising the outcomes of the consultation process have now been sent to all submitters. During the deliberations meeting council requested that staff follow up with some submitters directly on issues raised. These requests have now been logged in council's system and will be dealt with as part of normal business processes. The final Annual Plan has been printed and is available at all council offices and on our website as well as being distributed via our mailing list.

**Local government reorganisation**

During June, meetings and information exchange has continued with the Local Government Commission as it progresses its investigation of "reasonably practicable options" for the reorganisation of local government in Northland. In previous communications the Commission had indicated that it was intending to confirm its preferred option as well as an associated revised timeline for the process in mid-June. That deadline has now passed. At the time of writing there has been no official word from the Commission as to a likely timetable/the next steps in the possible reform process. The Chairman has written to the Commission asking for an update on the process and revised timeframes.

**October 2013 elections**

Prospective candidate information evenings are currently being held throughout the region and will be completed on 4 July 2013 at Kaitiāia.

The Local Electoral Amendment Bill had its third and final reading on 25 June, and was formally enacted from 29 June. Key changes for the 2013 election process relate to the rules regarding anonymous donations and timeframes for the nomination period (opening on 19 July and closing at noon on 16 August 2013). Further information about the changes is available in the Candidate Information Handbook, which is available on the council's website: [www.nrc.govt.nz/elections](http://www.nrc.govt.nz/elections).

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**Governance review**

Staff are currently preparing a governance review programme to obtain both councillor and senior staff views on the current triennium. The purpose of the review is to obtain feedback from current elected members and senior staff prior to the next election.

This information will support improved governance, management standards and decision-making in the future, primarily at the governance level, but with associated linkages to management/operational aspects of the organisation.

The governance review will focus on:

- Committee structures; including subcommittees, delegations and proposed portfolios (as per June council meeting);
- Delegations;
- Community engagement;
- Information provision; and
- Reporting structure for council representation on external bodies.

**Regional Software Holdings Ltd – final Statement of Intent 2013/14**

The Northland Regional Council has a 16.75% shareholding in the Regional Software Holdings Limited (RSHL) Council Controlled Organisation (CCO). The shareholders of RSHL are made up of the councils that use the IRIS software.

RSHL delivered a draft Statement of Intent (SOI) to council which was tabled at the March 2013 council meeting. Council determined at that meeting that it did not wish to provide any further comment on the draft SOI.

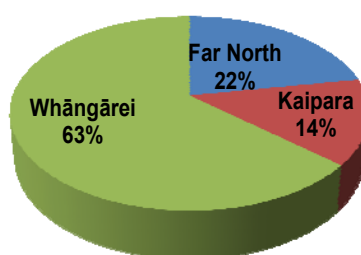
The CCO has now, in accordance with the requirements of the Local Government Act 2002 provided a final SOI 2013/14 prior to June 30 2013 to the council. The SOI can be found in **Attachment 1**.

**5.2 - ECONOMIC DEVELOPMENT****Northland Inc.**

Over the past 12 months 104 businesses have been supported through the Business Growth Regional Business Partnership Programme of which:

- 22% are in the Far North
- 14% are in Kaipara, and
- 63% are in Whāngārei.

While this is currently marginally skewed to businesses in Whāngārei, further efforts will be made to ensure that it more closely reflects the distribution of business across the region.

**Businesses supported by the NZTE Business Grow Programme:**



**Northland Economic Action Group (NEAG) economic development hui**

Staff provided analytical support to Northland Inc. to assist their preparation for the first annual NEAG economic development hui held at the Turner Centre in Kerikeri on Tuesday 18 June 2013. Mike Sabin and Prime Minister John Key made presentations to the hui during the morning session.

**MBIE Regional Economic Activity Report**

The first annual Regional Economic Activity Report (REAR) produced by the Ministry of Business, Innovation and Employment (MBIE) was launched in April this year with a hard copy received in May. REAR provides a very up-to-date and comprehensive picture of regional economic performance across New Zealand. It complements the detailed reporting on Northland and its territorial authorities provided by Infometrics in their Annual Economic Profiles which were distributed at the May council meeting.

Earlier this year staff provided feedback to MBIE on a draft version of the Northland section in relation to both the statistics being used and the narrative commentary. It should be noted that the two page Northland section was the only part of the whole report provided to us for comment. The published version takes into account the concerns raised by staff at that point.

The data contained in REAR is consistent with information provided by Infometrics and used by council with the major exception of employment. Employment in REAR is measured by the number of filled jobs in the Business Demography Statistics. As such, it does not include working proprietors. The employment numbers provided by Infometrics and used for example in the State of the Environment report include adjustments for self-employed persons.

REAR was produced as part of central government's effort to improve the consistency and thoroughness of regional economic information. As a further step, Statistics New Zealand released on 28 June 2013 regional GDP data for the years 2007-2010. Council staff have encouraged the production of such data through various e-mails and survey responses over the past year. The GDP data will be published in current prices so it will need to be deflated to constant prices to ascertain growth in real terms. Infometrics will use this work as another benchmark for their regional economic model, especially for measuring differences in regional productivity. Staff will work closely with Infometrics to ensure consistency in reporting.

**Northland Competitive Tender 2012 - Permits Announced**

New Zealand Petroleum and Minerals announced on 13 June 2013 that five minerals exploration permits have been offered to three companies within the Northland 2012 tender area.

Exploration permits are offered and only granted once the successful bidders agree to comply with terms and conditions of the permits, and submit a mineral status report to identify Crown minerals. The exploration permits are awarded under the amended Crown Minerals Act 1991 (which came into effect on 24 May 2013).

***De Grey Mining Limited – Copper, gold, lead, silver, zinc, mercury***

De Grey is an exploration company listed on the Australian Stock Exchange (ASX) with epithermal gold-silver projects in the Deseado and Somuncura Massifs, Argentina and various interests in Western Australia. De Grey recently secured by transfer the Puhipuhi exploration permit (EP 51985) in Northland.

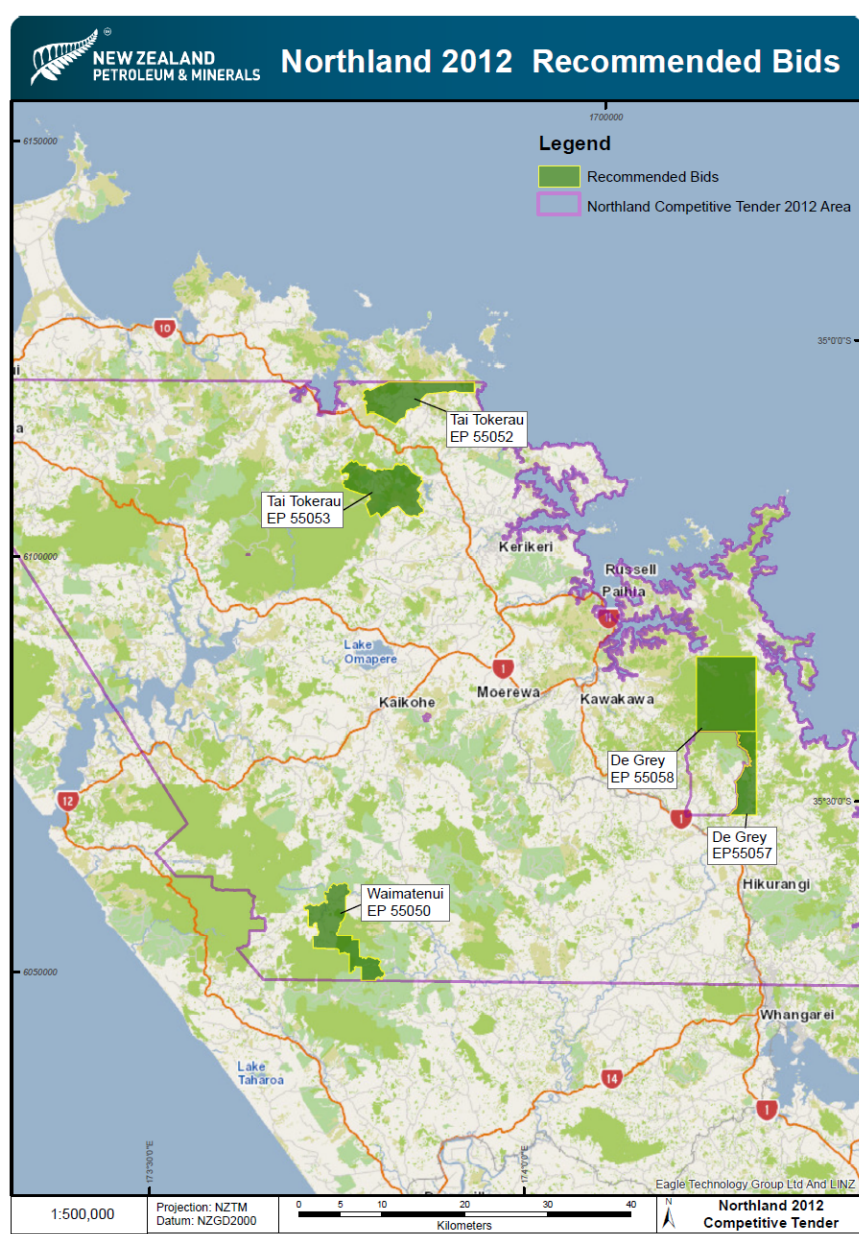
*Tai Tokerau Minerals Limited – Gold and silver*

TTM is a newly incorporated company set up specifically for the purpose of applying for mineral exploration permits in Northland 2012 Competitive Tender. TTM have no other permit interests in New Zealand. GNS Science has been appointed as geological and technical adviser, and also as Agent for TTM's bids.

*Waimatenui Exploration Limited – Copper, gold, nickel, silver, zinc*

WEL is a New Zealand registered company formed for the purpose of applying for bids under the Northland 2012 Competitive Tender. The directors and shareholders of WEL are Northland residents who own a large portion of the land in the application area. WEL have no other permit interests in New Zealand.

A map of the permit areas is provided below. A representative from New Zealand Petroleum and Minerals will attend the August council meeting to provide an update to council on the permit announcements and the process moving forward. Unfortunately this could not be arranged for the July meeting as originally intended.



## 5.3 – RESOURCE MANAGEMENT

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### RESOURCE MANAGEMENT PLANNING

#### Waioara Northland Water project

Key decisions have now been made by the Environmental Management Committee - regarding the collaborative stakeholder groups, the complimentary roles of good management practice and actions to maintain and improve water management and policy development. As a result staff have revised the composition of the steering and project groups to match the Environmental Management Committee's direction for Waioara Northland Water and the NPS for Freshwater implementation programme. The development of a project communications plan has also commenced.

A summary version of the Whāngārei Harbour Water Quality Improvement Strategy is due for release in July 2013 and will be available on the web and in print form. A call for members (to input and participate in the Whāngārei Harbour Catchment Group in line with the group's Terms of Reference) will be included in a news article scheduled for July in the Northern Advocate and Whāngārei Leader.

The Mangere River Catchment Group will hold their first meeting in early August 2013 and the Doubtless Bay Catchment Group's first meeting will be on 31 July 2013.

In line with the council's decision to work with existing groups on improving water management for priority catchments and water bodies, staff are working with Kaipara District Council's subcommittee, the Taharoa Domain Governance Committee, to scope the development of a catchment group for Kai Iwi Lakes (because the lakes are identified as outstanding water bodies in the council's programme). Staff anticipate bringing Draft Terms of Reference to the Environmental Management Committee for discussion and approval at the committee's July meeting.

Complimentary to the development of the catchment group for Kai Iwi Lakes, staff made a presentation to the Taharoa Domain Governance Committee on how their 11 year old Reserve Management Plan could be revised to focus on catchment management and reserve management within and beyond the reserve. The purpose of the discussion was to highlight integration opportunities between the committee's Reserves Act responsibilities and other responsibilities/initiatives occurring within the wider catchment, e.g. biosecurity and navigation and safety, water quality, actions by catchment land owners and Mana Whenua agreements. While the revision and refresh of the Reserve Management Plan is a matter for the Taharoa Domain Governance Committee, initial discussions around collaboration and integration were positive. Staff will keep the Environmental Management Committee and council updated on progress.

In addition to the priority catchment work, there are a number of initiatives and programmes that the council is working on in the wider Kaipara Harbour catchment including participation in the Integrated Kaipara Harbour Management Group (IKHMG) and the Kaipara Harbour Joint Political Committee (which is co-chaired by Councillor Ramsey), land management and water quality improvement programmes, farm water quality improvement plans and supporting the IKHMG flagship farms project.

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The IKHMG has formed a Kaipara Harbour Freshwater Futures sub-komiti, with initial membership as follows:

- Northland Regional Council representative - Natalie Glover and another;
- Auckland Council representative - Roger Bannister, Dominic McCarthy;
- IKHMG and Te Uri o Hau hapu - Willie Wright;
- IKHMG - Leane Makey; and
- DairyNZ - Helen Moodie.

The sub-komiti will meet in July 2013. Staff anticipate that this sub-committee will be very useful in:

- joining up initiatives of key stakeholders in the wider catchment;
- implementing decisions of and delivering recommendations to the Kaipara Harbour Joint Political Committee; and
- shaping and delivering the IKHMG work programme and programmes of its members.

**Developing a new Regional Policy Statement (RPS)**

The hearings started on 20 May 2013 and finished on 1 July 2013. Over 200 presentations were made at the hearings, with the RPS maps, mining and GE being the most presented on subjects. The hearings committee, made up of three independent commissioners, is now preparing their recommendations for council. It is expected that their recommendations will be ready for adoption at the September 2013 council meeting.

**Plan Change 4 (Aquaculture) to the Regional Coastal Plan**

There are no changes from last month to report.

**Moorings and Marinas Strategy**

There are no changes from last month to report.

**National Marine Park for Northland**

Establishment of a national marine park has been proposed for Northland's east coast. The Regional Council considered that there is merit in further investigation of the proposal and during June 2013 called for expressions of interest (EOI) to prepare a preliminary business case assessment for the proposal. The EOI outlined that the proposal could be undertaken in two phases. Phase 1 should identify and gather the information required to fully test the impacts (positive and negative) of the existing proposal, while Phase 2 would encompass the business case assessment (assuming that the proposal is demonstrated to be viable).

The EOI close off date was 4 pm on Wednesday 26 June 2013. A total of four expressions were received at this time. Staff are now analysing the expressions to determine whether to proceed to negotiate a contract for services.

**OTHER RESOURCE MANAGEMENT ISSUES****Land use and subdivision applications**

During June 2013, seven non-notified resource consent applications were formally received from the district councils. Comments were made on one application in the Far North with regards to potential flooding issues.

**District council plan changes**

Council received a copy of Far North District Council's Proposed Plan Change 15 – "Rural Provisions" on 5 June 2013 (submissions close on 5 July 2013). This plan change proposes changes to the policy and rule framework in Chapter 8 "Rural Environment" and Chapter 18.3 "Waimate North Zone". Changes are aimed at addressing the potential for incompatible land uses adverse and cumulative effects in the rural environment. Staff are reviewing the plan change to determine whether a submission should be lodged.

**CONSENTS****Consents in Process**

- 29 Applications were received in May 2013.
- 12 Applications were received in June 2013.

Of the 116 applications in progress at the end of June 2013:

- 27 were received more than 12 months ago (most awaiting further information);
- 49 were received between 6 and 12 months ago (most awaiting further information);
- 40 less than 6 months.

**Appointment of Hearing Commissioners**

The following commissioner was appointed in June 2013:

- Mr Dave Roke for consents associated with dredging, deposition of dredged material and a rock revetment in the CMA, Waitangi River near Haruru Falls. The hearing is scheduled for 31 July 2013.

**Consents Decisions and Progress on Notified Applications in Process, Objections and Appeals**

The current level of notified application processing activities at the end of June 2013 is (by number):

- |  |    |
|--|----|
| ▪ Applications Publicly/Limited Notified During Previous Month | 1  |
| ▪ Progress on Applications Previously Notified                 | 12 |
| ▪ Hearings and Decisions                                       | 3  |
| ▪ Appeals/Objections   | 7  |

A more detailed summary of the above activities can be found in **Attachment 2**.

## **MONITORING**

### **COMPLIANCE MONITORING**

A summary of the results of compliance monitoring for the period 25 April – 31 May 2013 and from 1 June – 30 June 2013 are discussed below. Further details are being reported to the Environmental Management Committee on 30 July 2013.

#### **Air discharges**

All compliance assessments for air discharge consents including industrial site visits during the reporting period were found to be fully compliant with conditions of resource consent.

Ambient air monitoring results for PM<sub>10</sub>, sulphur dioxide and carbon monoxide at Robert Street, Whāngārei showed compliance with the National Environmental Standard (NES) for Air Quality during May 2013. Monitoring results for PM<sub>10</sub> at the Bream Bay College, Ruakaka, also showed compliance with the NES in May.

#### **Coastal**

Stormwater sampling was undertaken in various locations, including the upper Whāngārei Harbour and One Tree Point. Northport undertook self-monitoring of its stormwater discharge, with the results indicating full consent compliance. Stormwater and marine sediment sampling was undertaken at a number of Whāngārei and Bay of Islands boat maintenance facilities with sample testing results pending. A number of marine construction projects were also monitored during the reporting period.

The Kaipara Harbour water quality sampling run was undertaken in June in conjunction with Auckland Council.

#### **Land use monitoring**

Staff investigated a number of earthworks incidents and assessed applications for winter earthworks extensions.

#### **Hazardous Waste**

The hazardous chemical collection programme continued with the collection, sorting and packaging of waste hazardous substances which are currently being stored prior to disposal in the new financial year.

Requests for assistance with dealing with hazardous substances during the reporting period included one for removal of approximately 100 litres of 2,4-D found in a shed on a lifestyle block. Thirteen enquiries regarding potentially contaminated land were also received and attended to during June.

The only reported hazardous substances incident during the reporting period related to a large spill of bitumen from a truck that had rolled over.

#### **Water quality and discharge monitoring**

Routine monitoring during the reporting revealed no particular issues of concern.

#### **Farm Dairy Effluent (FDE) Monitoring**

During the month staff attended:

- The Northland Effluent Improvement Project working party meeting. All agreed actions are on target.
- The Northland Effluent Improvement Project full meeting. The 2012/13 season figures were re-capped and the council's FDE monitoring team advised that preparations were underway for the commencement of the 2013/14 monitoring season. There were no particular issues or concerns raised that required action in relating to FDE monitoring.

**ENFORCEMENT****Abatement Notices**

There were fourteen abatement notices issued during the period in relation to non-compliance with conditions of resource consents for marine farms. These farms were located in Kaipara, Hokianga, the Houhora harbours and the Bay of Islands. Marine farms are assessed annually for condition of structures, presence of farm debris, shell build-up and appropriate navigational markers. If the farm is significantly non-compliant with one or more of these categories they receive formal enforcement. The monitoring and enforcement process is explained in each marine farm consent; including monitoring guidelines illustrating how compliance is assessed for each category.

Below is a summary of the significant non-compliances, for which abatement notices were served, in each category per harbour. Note some farms may have significant non-compliances in more than one category.

	Structures	Seabed	Debris	Navigational Markers
Kaipara	7	4	5	1
Te Puna Inlet	1			
Orongo Bay	1			1
Hokianga				1

**Infringement Notices and Formal Warning Letters**

There were no infringement notices or formal warning letters issued during the reporting period.

**Other Enforcement****FDE prosecutions**

Sentencing of a Waipū farmer convicted of discharge offences which occurred in 2011 was adjourned. No new date has been set. This is the only outstanding FDE prosecution.

**Haruru Falls (land and water contamination)**

Charges have been laid against two individuals and the company, which operated the site. The parties pleaded not guilty to all charges in the Kaikohe District Court on 28 February 2012. Since then, the case has been adjourned several times. The next court date is set down for 8 July 2013.

**Waitangi River (illegal diversion and earthworks)**

On 22 April 2013 in the Kaikohe District Court, the judge granted leave for NRC to withdraw the charges against all parties. NRC will proceed with an enforcement order for reimbursement of costs for the remedial work. A joint memorandum to the court was filed on 8 May 2013 which recommended a timetable of 9 July 2013 for reply evidence from the respondents and 9 August 2013 for any evidence in reply from the council.

**Kaimaumau Swamp (vegetation clearance and earthworks)**

Charges have been laid against three parties who were involved in the vegetation clearance and drainage operation. An interim enforcement order was granted and subsequently amended in relation to the works. Further charges were laid for breaches of the enforcement order. The defendants entered not guilty pleas to all charges and elected trial by jury. The council has also commenced committal proceedings. These proceedings are running concurrently with the prosecution procedures against the defendants.

A pre-trial hearing was held from 10 to 12 June 2013 to hear several matters including the Crown's Judge-Alone application. The Judge has released two decisions on those matters ruling the following:

- Laying of charges – limitation period: Found in favour of the Crown.
- The validity of the relevant regional plan rules: Found in favour of the Crown.
- Allegation that the council failed to comply with its obligations in making an ex parte application: Found in favour of the Crown.
- All four accused should stand trial before a Judge alone.

**Manganui River, Okahu (wetland clearance, earthworks and river diversion)**

Charges have been laid against a dairy farmer and his company of Okahu for vegetation clearance in several wetlands, earthworks in the riparian management zone, diversion of a watercourse and deposition of soil. The charges relate to alleged offences which occurred between April 2011 and October 2012. Both parties have entered not guilty pleas and elected trial by jury.

**Houhora Service Station (land and water contamination)**

An affidavit has been sworn in the matter of Northland Regional Council versus Houhora Service Station, and an application for an enforcement order requiring the landowner to remove the in-ground petrol tanks has been submitted to the environment court. The Court's decision on the order is pending.

**BIOSECURITY****Tutukaka Community Pest Control Area**

Staff are liaising with the newly formed "kiwi coast" project to establish a multi-agency funded programme with the Tutukaka Landcare Coalition. A large scale CPCA proposal of 2700 hectares is being discussed which adjoins other pest control work along the eastern seaboard of Northland. In total pest control, aimed at protecting kiwi and Pateke, would be undertaken over 8700ha of land.

**Paparoa Lions Club pest control**

Dargaville biosecurity staff delivered mustelid trap bait and the remaining possum poison to the coordinator of the Paparoa Lions Walkway Project as part of the Environment fund pest control grant. Assistance was also provided to several Paparoa Lions club members with positioning and setting predator control traps adjacent to the walkway between the Paparoa Village Green and Pahi road

**Pest Plants**

Staff began a follow-up on all sites for the invasive Mickey Mouse plant (*Ochna serrulata*) in Whāngārei with many new and large plants found and eradicated. This plant is very invasive and spreads rapidly throughout forest and along roadsides. However, the seed has a very short life and this fact, combined with new Australian



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research on the most effective herbicide to kill the plant, means that eradication in all known sites within a couple of years is possible.

**Marine pests - Mediterranean fanworm**

Staff completed a dive check of piles and hulls in Marsden Cove marina with over 200 piles were checked and only eight fanworm found. A full survey of all sites is expected to be undertaken during September.

A draft version of the Marine Charter and a risk assessment matrix for review by the 'partners' has also been developed and further meetings are expected during the coming month. Two partners have already put in place a number of the suggestions from the charter document.

**The use of selected herbicides over water**

Consultation with interested parties over the application for renewal of the resource consent for the use of haloxyfop over water is underway with a letter being sent to iwi groups and other interested parties. Haloxyfop is used by NRC staff and contractors mainly for spraying spartina and Manchurian wild rice and the letter provides information on the application and offers further meetings and information if desired.

**LAND AND BIODIVERSITY****Environment Fund**

Final claims for Environment Fund projects have been processed during the month. As of 2 July 2013, all Environment Fund projects are complete with claims totalling \$530,218.

**CoastCare**

Coastcare site visits were undertaken at Tokerau, Taipā, Rarawa, Ahipara, Rangiputa, Tāpeka, Long Beach and Aurere during June to distribute plants to CoastCare Groups and to confirm requirements for planting and other resources.

The winter 2013 edition of CoastCare News has been published and will be distributed via the CoastCare mailing list and will be available at the NRC offices and CoastCare events. The newsletter includes updates on CoastCare groups around the region.

**Integrated Kaipara Harbour Management Group**

The IKHMG quarterly hui was hosted by NRC on 12 June 2013. Mal Green from NIWA gave an update on CLUES ([Catchment Land Use for Environmental Sustainability model](#)) modelling for predicting sediment, nitrogen, phosphorus and *E. Coli* contribution from the different sub-catchments within the greater Kaipara catchment. Two different landuse scenarios were modelled; the first was pre-European and the second as it was in 2002. Dylan Clarke, a student at Waikato University presented the results of his trials into the utilisation of detainment bunds to reduce the run-off of sediment and associated phosphorus.

June was a busy month on the Kaipara catchment flagship farms with the NZ Conservation Volunteers carrying out planting, weed control and water quality testing on all the flagship farms in the region. This work will continue throughout the Winter. Coastal fencing on one of the flagship sites, Hanerau Farm at Batley, was completed with assistance from the NRC Environment Fund. This fenced off area is currently being planted.

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Planning for the proposed Kaipara Harbour research symposium, to be held March 2014, continues.

**Soil Conservation**

Land Management Specialist, Bob Cathcart, working with a Whāngārei multimedia company, has completed the first part of filming old soil conservation works to create a video for staff training and for the council's website. Still photographs of eroding sites before remedial works will be added to the video to show how methods used have been or have not been effective and why. The video material will be supported by 'Fact Sheets' for public use and more detailed procedures in staff manuals.

Planting of poplar pegs has commenced at the council's poplar nursery on Flyger Road, Mata, with several thousand cuttings being planted during June. Further planting will take place during July. Some willow cuttings will also be planted to supply tree willows for farm use and some river works.

**Waioira Northland Water and Farm Water Quality Improvement Plans (FWQIPs)**

To date 168 FWQIPs have been initiated, with approximately 54 plans or 36% completed and the remainder at various stages of development.

**Mangere Catchment Group**

Nominations for representatives on the Mangere Catchment Group have all been received, with the exception of iwi and the non-dairy farmer nominees. Received nominations went to Environmental Management Committee on 28 May 2013 and have been approved for membership of the Group.

**5.4 – RIVER MANAGEMENT**

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**Awanui**

Staff are preparing next year's proposed maintenance programme and will present this to the next Liaison Committee meeting tentative scheduled for mid to late August.

**Kaeo-Whangaroa Rivers**

At the Kaeo-Whangaroa River Liaison Committee meeting of 27 June 2013, the committee resolved its unanimous support to proceed with the Stage 1 Kaeo flood scheme works, and to monitor the results of Stage 1 works before determining if to proceed with Stage 2 works in the future.

A proclamation under the Public Works Act 1981 is being prepared for the taking of land (via an easement) required for the flood scheme where settlement has not been able to be reached with two land owners.

**Kerikeri-Waipapa River**

Staff are working on design of the proposed Kerikeri flood scheme spillway option, which will assist alleviate flood risk in areas immediately upstream and downstream of the state highway near the Kerikeri River. Model simulation of the proposed Kerikeri-Waipapa flood scheme is currently being developed.

**Waitangi River**

The Waitangi River model calibration was completed during June. Design storm runs are currently in progress to generate the flood maps.

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**Kaihū River**

Due to delays beyond the contractor's control (mechanical breakdowns), and following consultation with stakeholders and the contractor, it was agreed to issue the certification of practical completion during June for the works contract. Whilst the majority of works were completed (and done to a high standard), the conditions were too wet to continue further works.

Staff have invited tenders for the five-yearly river cross section survey, which will be used to monitor machine cleaning effectiveness.

**Whāngārei Urban Rivers**

The river maintenance works programme is complete.

Detailed design for the Kotuku Street dam is progressing, with intermediate detailed design and peer review works complete. A decision on resource consent and designation applications for the dam is anticipated during August, pending the appointment of an independent commissioner to consider the applications. Negotiations to secure the land required for the dam are continuing.

**Kawakawa River**

The model run to simulate overland spillways to reduce flood risk in Otria and Moerewa is progressing and results are anticipated by late July.

**Flood Mapping**

Flood map production for Kerikeri-Waipapa and Kaeo has been completed. The flood maps are being prepared for posting on the council's GIS site. Affected land owners will be notified as with other catchments.

**Minor River Works**

A summary of the minor river works programme for the year is presented in the following table.

<b>River</b>	<b>Description of Work Programmed for this Work Season</b>	<b>Proposed Date for Physical Works</b>
Rotokakahi @ Pawarenga	Gravel/Shingle Management with FNDC	COMPLETE
Panguru and Lower Waihou	Gravel Management around Bridges	Will not be done this season due to insufficient gravel build up
Whirinaki	Maintenance Assistance for Whirinaki Toiora Project	COMPLETE
Waimā	Clear Gravel under SH Bridge	COMPLETE
Awapokonui	Remove Arundo Donax	This will not be completed this season, because, establishment costs are prohibitive. Staff will look at merging several minor works in one contract to offset establishment costs.
Waihou	Lower Earth Mounds/Berm along Rahiri Road with FNDC	COMPLETE
Waihou/Rangiahua	Rock Armour bend adjacent to SH1 at Clunies Farm	COMPLETE

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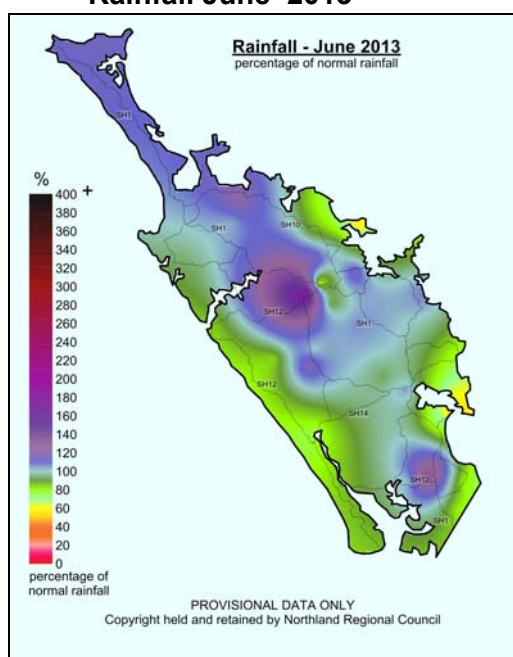
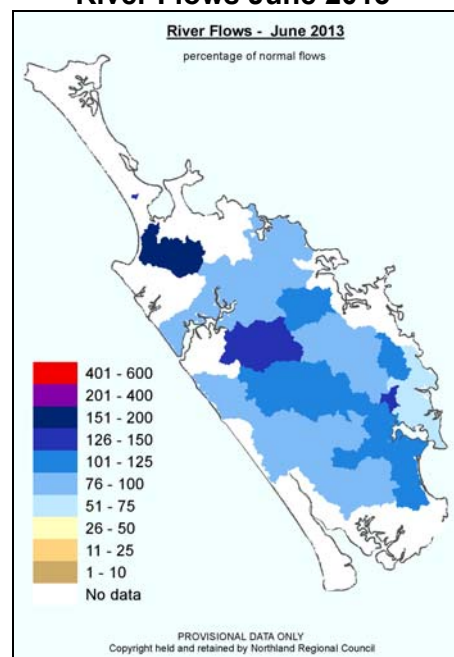
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Waitangi River	Haruru Falls RC application to allow removal of shingle island build up in CMA	Hearing of application will be held sometime prior to September 2013.
Otiria Stream, Turntable Hill	Shingle Extraction at SH-1 Bridge (NZTA to do)	NZTA COMPLETED
Otiria and Morewa	Clearance around Spillway and Waiharakeke Bridge	COMPLETE
Otiria Spillway Proposal	Spillway Modelling Assessment by URS	DRAFT COMPLETE
Waiharakeke (Willowbank)	Remove Tree affecting NRC Gauging Station	COMPLETE
Kawakawa	Engineering Design & Resource Consent for Town Stopbanks	Decision made not to progress due to a lack of support from affected stakeholders.
Maungahahuru (Piano Hill)	Remove Tree/Island blocking Flow Upstream SH 1 Bridge	COMPLETE
Ngunguru River	Assist WDC with Pine Tree Removal	COMPLETE
Whāngārei Heads Road	Remove Flame Tree (Waikaraka) with WDC	COMPLETE
Otaika Stream	Willow Spraying/Removal	COMPLETE
Mangapai	Tree Removal	COMPLETE
Ruakaka - Flyers Road	Willow Removal	COMPLETE
Ahuroa River (Waipu)	Removal of Willows	COMPLETE
Tauroa River	Tree Removal	COMPLETE
Paparoa	Removal of Fallen Tree with KDC	COMPLETE
Te Hihi Stream (Barge Park)	Tree removal	COMPLETE

**HYDROLOGY****Rainfall, Ground Water and River Flows**

June highlights included:-

- Near average to above average rainfall in northern and central areas and below average in western and eastern areas.
- Two severe weather watches were issued by the MetService in mid and late June. Neither of these events reached warning status.
- Groundwater levels are recovering well from their low levels recorded during the drought months and are near or above their normal levels for this time of year.
- River flows were near average to above average over the greater part of the region but below average in the eastern areas of Whāngārei.

**Rainfall June 2013****River Flows June 2013****Seasonal Outlook**

The seasonal outlook for Northland from July to September 2013 indicates:

- temperatures are likely to be above average,
- rainfall totals, soil moisture levels and river flows are expected to be in the near average ranges.

The probabilities for Northland are shown in the following table.

	Temperature	Rainfall	Soil Moisture	River Flows
Above Average	60%	35%	35%	30%
Near Average	30%	45%	45%	45%
Below Average	10%	20%	20%	25%

**5.5 – HAZARD MANAGEMENT****CIVIL DEFENCE EMERGENCY MANAGEMENT****MetService warnings and activations**

A number of weather watches and warnings, were issued in June by the MetService. The wild weather that impacted the lower North and South Islands did not impact on the Northland region. These events were monitored by civil defence personnel. No issues arose out of these watches.

Social media, Facebook, continues to be utilised for the distribution of warnings. Over the past months all warnings and watches have been added to the Civil Defence Northland Facebook page. The page now has 319 “likes” (up from 264 in May) or people who follow the page.

In June AA Roadwatch issued a media release highlighting and supporting the Northland CDEM Group’s proactive approach in using their website for emergency events. The purpose of the media release was to encourage other groups to engage with the AA website for the distribution of emergency information.

**CDEM activities**

The Northland CDEM Group and CEG meetings were held on 4 June.

To ensure that the Northland CDEM Group continues to build on its good progress, align its goals, objectives and resourcing with its intended work programme, and to take into consideration the Minister's and Ministry priorities, a strategic review is proposed by the Coordinating Executive Group in mid-July. The outcomes of the review will be reported to the September CEG and CDEM Group meetings.

A three-day Coordinated Incident Management Course (Level 4) was held in mid-June.

**Lifelines Group**

The Northland Utility Lifelines Group met in early June and considered the first draft of its severe weather event plan. This plan is specifically designed for the lifelines utility sector. The group also reviewed existing business continuity plans with a view to identify any potential gaps in the plans. The group are also proposing an exercise in September to test their ability to provide information during an emergency response using the national electronic Emergency Management Information System.

**Resilience Fund**

The formal notifications for the outcomes of the 2014 Resilience fund applications have recently been released with the Northland CDEM Group receiving funding for three projects – community response plan reviews (\$40,000 over two years), community resilience for vulnerable people \$22,000 and Kaipara District Council for capability and capacity building in CDEM arrangements \$62,000; a total of \$124,000. In the past five years Northland has received in excess of \$500,000 to support a number of local and regional initiatives and projects.

The tsunami community signage project which was reported on in the last agenda has been put on hold indefinitely although the funding has been allocated. GNS has discovered that further work is required before any release of inundation mapping can proceed.

The business continuity project which has created significant interest amongst other CDEM Groups and there has been a request that Northland share the project content with Southland, Otago and Marlborough CDEM groups. To this end MCDEM have made available funding to support expenses associated with facilitating a programme of "introduction and train the trainers." This project has been carried out in Northland in partnership with the NZ Fire Service who has provided resources for the presentations and workshops.

## **5.6 – TRANSPORT**

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### **REGIONAL TRANSPORT MANAGEMENT**

#### **Upper North Island Strategic Alliance (UNISA) – Freight Update**

At the recent Regional Transport Committee (RTC) meeting a detailed presentation on the High Productivity Motor Vehicles (HPMV) project was made by the NZ Transport Agency. A further update occurred at the UNISA Chairs meeting. Points of interest were:

- this project covers all vehicles carrying between 44 and 63 Tons.
- over 1000 bridges have been reassessed nationally under this program.
- a differentiated FAR will be implemented to provide for the national interest component on first and last mile local roads.
- permitting will be for specific routes for up to a two year period.
- the new standardised vehicle configuration, as explained in the RTC presentation, will be permitted by areas.
- if targets tonnages can be achieved by 2016 this will reduce the rate of growth in truck movements
- implementation is targeted by August of this year.

#### **Land Transport Management Amendment Act 2013**

The Land Transport Management Amendment Bill was enacted and took effect on 12 June 2013. The Amendment Act makes changes to the Land Transport Management Act which include:

- Simplification of the Objective of the Act to now read “Contribute to an Effective, Efficient and Safe land transport system in the public interest”;
- Reducing the statutory membership of the Regional Transport Committee (takes effect on 13 July 2013);
- Government Policy Statement expanded to include strategic direction and an investment strategy and a minimum six year horizon;
- A new “Regional Land Transport Plan (the new Plan)” to be prepared which sets out the region’s land transport objectives, policies and measures for a minimum of ten financial years. The new Plan must include detail of funding of land transport priorities for the first six years. The new Plan is to have a lifespan of six years and a review is required every three years. Essentially it is the current Regional Land Transport Programme with the addition of objectives and policies and a longer lifespan. There is no longer a requirement for a separate Regional Land Transport Strategy.
- The existing Regional Programme and Regional Strategy may remain in effect until 30 June 2015.
- National Land Transport Programme adoption formally moved to 1 September (was 1 July);
- Public Transport Management Act 2008 repealed and provisions for regulation of passenger transport included in Land Transport management Act;
- Formalises the Public Transport Operating Model (PTOM) as the framework for planning and contracting public transport. The PTOM focus is on the Regional Council and operators working together, engaging with public, and determining what services are integral to the network;
- All councils to have prepared and have in place a new Regional Public Transport Plan by 1 July 2015.

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- Reduces the consultation requirements - removing requirements to pre-consult but retaining reference to undertaking consultation in accordance with the principles of the Local Government Act.

Although the Land Transport Management Act has been enacted, the Ministry of Transport and NZ Transport Agency have yet to complete and release:

- The approved guidelines for the compilation of a Regional Public Transport Plan;
- The revised NZTA procurement manual relating to the contracting of subsidised public transport services.

At this time, no definitive timelines have been provided for the completion of the above documents.

The detail of the changes made by the Act will be presented to the August RTC meeting along with the development of a draft work programme setting out the timeframes and processes for preparing the new documents required.

The Act removes the “objective” representatives from the membership of Regional Transport Committee (RTC)’s. The membership of the RTC reduces to the district councils, NZTA and the Regional Council. This provision comes into effect on 13 July 2013 (note the next meeting of the Northland RTC occurs in August). Council is currently seeking legal advice regarding what, if any, opportunities are available to engage advisors to the committee.

It is proposed that the RTC considers this matter at the August RTC meeting and make an initial recommendation to council regarding the potential to include advisors to the committee. An example that has been discussed previously is the inclusion of a representative from the NZ Police.

**Funding Assistance Rate Review**

No progress reports have been released on the Funding Assistance Rate Review.

**Dust on Unsealed Roads**

A paper was tabled at the 5 June 2013 Regional Transport Committee (RTC) on this matter. This paper requested approval for NORTEG to commence compilation of a Draft Regional Mitigation Strategy for dust from unsealed roads.

At the meeting, the RTC approved:

1. That the Regional Transport Committee approve the proposed structure and content of the Draft Regional Dust Mitigation Strategy.
2. That the Regional Transport Committee approve that NORTEG compile the Draft Regional Dust Mitigation Strategy and the Northland District Health Board be invited to provide input into this process.
3. That a progress report be tabled at the next Regional Transport Committee meeting.

Staff will commence work on the draft strategy with the members of NORTEG during July 2013.



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**ROAD SAFETY UPDATE**

One further fatality on Northland roads was recorded during June, bringing the total fatalities year to date in the region to nine. There had been seven fatalities this time last year.

**PASSENGER TRANSPORT ADMINISTRATION****Total Mobility (reported one month in arrears)**

	Total clients	Monthly Actual Expend	Monthly Budget Expend	Variance	Year/Date Actual Expend	Year/Date Budgeted Expend	Variance
<b>May 2013</b>	1102	\$16,002	\$16,666	-\$664	\$154,806	\$183,326	-\$28,520

The use of the Total Mobility Scheme has remained below expectation due to the continuing recessionary impacts being experienced in Whāngārei.

A meeting to resolve outstanding issues was held with Taxi Charge personnel on 10 June 2013.

Work is continuing on the updating of the Total Mobility Assessment form and the individual agency vouchers.

**City Link Whāngārei May 2013 (figures include Gold Card and exclude GST)**

	Month Actual	Budget	Variance	May 2012
Passenger numbers	28,973	29,166	-193	28,700
Farebox revenue (GST excl)	\$62,146	\$62,888	-742	\$62,803

In the May 2013 CEO Report, it was explained that North City Bus Ltd was sold by NZ Bus to Ritchies Transport Holdings Ltd. The CityLink Whāngārei contract was assigned by North City Bus Ltd (NZ Bus) to Ritchies. Legal counsel was sought to ensure there would be no detrimental effects as a result of the assignment.

All of the regular CityLink drivers have been retained by Ritchies, and passenger loading recorded have indicated that the changeover had little adverse effect to the travelling public.

Ritchies have moved quickly to begin the process of tidying up the fleet, repairing damaged panels and replacing missing decals. Ritchies continue to review the existing run times, which has meant some delays in introducing the new timetables, and launching the new website. NRC staff continue to aim for an implementation date of 1 August 2013 for the new trip times.

It has however become apparent that administratively, the change in operator has created a number of information provision issues. Ritchies have stated that they are working with the ticket machine company and that these issues will be resolved by July 2013.

Due to the above problems coupled with the required statistical information normally being provided by the fifth working day of the month, there are no month and year end statistics available for this report. These figures will be provided in the August 2013 CEO report.

Staff and contractors are continuing with the development of the CityLink dedicated website, [www.citylinkwhangarei.co.nz](http://www.citylinkwhangarei.co.nz).

**SuperGold Card Scheme – May 2013**

Month Actual	Monthly Budget	Variance	Average 2011/12
5,143	4,613	+530	4,610

**BusAbout Kaitāia**

CBEC has advised that they now have an additional staff member who will be assisting with the promotion of the service.

**NAVIGATION, SAFETY AND MARITIME OPERATIONS****Oil Spill Preparedness and Response**

Staff dealt with six oil spill incidents during this period. The Houhora harbour warden advised the owner of a barge to fix a machinery leakage which was resulting in oil spills into the harbour. The sources of two diesel slicks reported as significant, one inside Houhora harbour and the other at Ōpua, could not be identified and both slicks dispersed naturally. The other incidents involved were minor slicks, which were all dispersed naturally.

**Port and Harbour Safety**

Four hot work permits were issued during this period.

An isolated danger navigation buoy was placed to mark the site of a vessel that sank on a mooring in Parua Bay. An abandoned wreck in Whāngārei harbour was demolished and disposed-of by staff.

Machinery maintenance work on the council vessel Waikare was completed in Whāngārei and the vessel has now been repositioned to Ōpua.

**Maritime Incidents, Enforcement and Safety**

Staff dealt with 19 maritime incidents during this period.

A new port hand buoy was installed to replace the damaged Otamatea channel buoy and a new battery was installed on the Tinopai special mark buoy in the Kaipara harbour. A new light was installed on the Narrows Cardinal Mark in the Hokianga Harbour after it was reported extinguished.

A vessel that broke loose from its mooring and ran aground on rocks in the Kerikeri Inlet was retrieved by maritime staff and towed to the Doves Bay marina.

Logs and debris recovered from harbour waters were disposed of by maritime staff.

**Moorings**

Staff are in the process of cancelling more than 30 mooring licences which are well overdue on service requirements or have unpaid licence fees. Another 50 mooring licences with similar shortcomings are being followed up.

Improvements to the application procedure for changing mooring permit conditions such as length of permitted vessel or location has already been found effective in dealing with both existing moorings and new mooring applications.

Staff are working on improving the newly implemented IRIS and associated GIS mapping systems to obtain reports and mapping data to help in tidying up the moorings database.

**Other**

Skipper assistance was provided to other departments for site visits to the Whāngārei and Kaipara harbours, the Kai Iwi lakes and Lake Ōmāpere. Staff assisted with site inspections of the Houhora Bay mussel farms and Clendon Cove wharf prior to consent hearings.

Staff reviewed new and renewal applications for Tier One oil spill response plans and hot work dispensation applications. Maritime staff attended various in-house and external training sessions during the month.

## **5.7 – SUPPORT SERVICES**

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**PUBLIC COMMUNICATIONS****Media and publications**

Northland's media was monitored for items of interest to the council. Media releases were sent to appropriate media concerning the following:

- Illegal boat hull cleaners risk fines
- Kaitiāia, Kerikeri and Whāngārei to host free weed workshops
- Ultra-fast broadband champion hired (media release on behalf of Northland Inc.)
- Three resign from Northland Inc. board
- 23 schools share \$20,000 NRC awards
- Monthly pest watch column in Whāngārei Leader: Elephant ear
- Monthly land management column in Rural Advocate and Northern Farming Lifestyles: Winter has suddenly arrived.

**Publications completed during June:**

- State of the Environment Report 2012
- Regional Report June 2013 – eight-page regional newsletter including updates on major flood works projects, Ballance Farm Environment Award winners, election changes, updates on Waiora Northland Water, a Hikurangi swamp eel survey, and a civil defence community response plan for North Hokianga
- CoastCare News Issue 14
- Boating in Northland 2013-14 – tide tables and safe boating information booklet
- Whāngārei Harbour Water Quality Improvement Strategy – full
- Whāngārei Harbour Water Quality Improvement Strategy – summary.

**ENVIRONMENTAL EDUCATION****Northland Regional Council Environmental Curriculum Awards**

Strong interest has this year seen a record 23 Northland schools receive a Northland Regional Council 2013 Environmental Curriculum Award (ECA).

The winning schools each win a share of the \$20,000 Northland Regional Council Environmental Curriculum Awards with winners selected by Councillors Hunt and Rossiter on 13 June 2013.

This year's award applications saw a record \$40,000 worth of funding sought for the award's \$20,000. This shows growing interest in the awards, in line with ongoing environmental education expansion in Northland schools over the last 20 years.

Just nine Northland schools received an award when the ECAs began in 1995.

The ECAs aim to recognise and support Northland environmental education excellence, with schools eligible for up to \$2000 each for their efforts to educate children “in, about and for” the region’s environment. The twenty five 2013 award-winning Environmental Education projects cover a wide range of environmental education-themed work.

Eight of the award-winning schools are based in the Far North, 11 in the Whāngārei district and four in Kaipara.

Detail on the schools and projects receiving funding is available on the council’s website: <http://www.nrc.govt.nz/News/23-schools-share-20000-NRC-awards/>

## **ENVIROSCHOOLS**

### **Project Possum assessment camps held**

Three assessment camps for Project Possum were held from 18-25 June 2013 at Trefoil Park near Kaikohe. The senior students were assessed on their skills and knowledge related to possum trapping, skinning, fur and pelt recovery, and possum biology and environmental impact.

Seventy-one out of the 79 students passed. Schools involved included Dargaville High, Kaitaia College, Kamo High, Ōkaihau College, Mangakahia Area School, Northland College, Ruawai College, Taipa Area School, Tauraroa Area School, Te Kura Taumata o Panguru and Te Rangi Aniwaniwa.

### **Local cluster meetings held in South Whāngārei and the Far North**

After-school cluster meetings for primary and intermediate school teachers were held on 5 and 6 June 2013 in Ruakaka and Paparore respectively. The professional development focus for the meetings was “measuring change”. The measuring change tool is a set of web-based resources that supports schools to reflect on their environmental actions and monitor the outcomes of these actions over time.

One to three teachers from each of the following schools participated in the cluster meetings: Herekino, Otamatea, Paparore, Pukenui, Ruakaka, Maungaturoto, Te Rangi Aniwaniwa and Waiharara. Similar local cluster meetings will be held in Kohukohu and Umawera during July.

### **WaiRestoration project – Save a Species biodiversity component**

On 12 June 2013, schools on board with the WaiRestoration project were sent a resource pack relating to the Save a Species biodiversity component. The resources were developed by council’s Royal Society Teacher Fellow, Philip Kippenberger. They consisted of databases highlighting selected threatened Northland plant species, containing photos, key facts and helpful advice for propagation.

The WaiRestoration pilot is about supporting farmers and engaging young people and local communities to get involved in restoring Northland’s waterways and biodiversity.

### **Facilitation of Enviroschools communities**

In addition to the cluster meetings and Project Possum assessment camps, Enviroschools facilitators have worked in the following school communities during June: Bream Bay, Hukerenui, Hurupaki, Kaikohe West School, Kaitaia College, Kamo High, Kokopu, Mangakahia, Northland College, Russell, Te Rangi Aniwaniwa, Waima and Whananaki.

**IWI LIAISON****Joint Iwi Monitoring Fund**

The Iwi Liaison Officer (ILO) has been working with the Estuary Management Advisor and monitoring staff on refining the sampling objective and regime for heavy metal testing in the Puhipuhi Catchment; a joint project between the Ngāti Hau Resource Management Unit (NRMU) and the Regional Council.

Due to weather, there have been two field trips to the catchment to ascertain if sediment sampling as well as water sampling can be undertaken and to confirm site selection.

Staff worked with the NRMU and local landowners who have kindly provided access to some of the sites selected.

**Iwi Environmental Management Plan Fund**

In June council received an application from the Patuharakeke Te Iwi Trust Board for financial assistance to review their management plan as the first step in their strategic/future planning process.

A draft contract was presented to the Trust Board and was accepted with work beginning on the project during June.

**Introduction to Treaty of Waitangi training**

During June council hosted Robert Consedine of Waitangi Associates who ran a two day Introductory Treaty of Waitangi workshop.

The course was well received with 15 staff members attending the course. Evaluations from participants rated the course very highly with many seeking further training in this area.

Two staff who were unable to attend this training attended the Whāngārei District Council's Treaty of Waitangi training also held during June.

**Meetings**

The Regional Policy Statement hearings continued during June with two days of hearings being held at Otiria Marae in Moerewa. The ILO attended the pōwhiri and most of the first day of hearings at the marae to hear Māori submitters.

The Iwi Liaison Officer was invited to attend the signing of a contract between the Whāngārei District Council and Ngāti Hine for their Sites of Significance project. The hui was held at Tau Henare Marae in Pīpiwai (known as Te Horo).

**LGOIMA'S****Local Government Official Information and Meetings Act requests during June:**

Name	Parent
Linton D LGOIMA Request for full costs of the New Zealand Coastal Policy Statement	Chairman
Radio NZ LGOIMA request for information regarding the resignations of three Northland Inc. board members	CEO's office

**HUMAN RESOURCES****Staff Matters*****Appointments:***

Sandra McKay a work experience student at TAFE College is to be based in Finance for four to six weeks on the basis of one day per week from 6 June 2013.

***Vacancies:***

An offer has been made for the position of Financial Accountant. Expected start date is 1 July 2013.

***Employment relations:***

Annual salary review and employment negotiations have commenced and will be concluded shortly.

**Staff establishment**

<b>Status</b>	<b>June 2013</b>	<b>June 2012</b>	<b>May 2013</b>
Full Time Permanent	134	123	134
Part Time (FTE)	10.6	11.5	10.6
Fixed Term (incl Part Time FTE)	5.4	7.6	5.4
Students/TFG and Temps	4.1	2	4.1
Vacancies	5	6	5
<b>TOTAL FTE</b>	<b>159.1</b>	<b>150.1</b>	<b>159.1</b>

**Staff turnover**

Staff turnover as at the end of June 2013 for the past 12 months was 10.6%.

**Health and Safety*****Accidents reported:***

No accidents reported.

***Incidents reported:***

One serious incident during the month involving a staff member who was assaulted and had bleach thrown into their face. They were travelling to work and had stopped for a vehicle flashing their lights. The incident has been reported to OSH/MBIE and the Police investigation is on-going. A health and safety investigation is to be carried out by the Consents/Monitoring SPM once the Police have concluded their investigations.

***H&S issues, inspections and visits:***

The Reception emergency response procedure has been updated and a new proposal is being submitted for approval.

The stress questionnaire was collated and presented to the CEO and HR Manager for comment. This survey is to be conducted again in six months' time.

Defensive driver, 4WD and trailer training is on-going. First aid refresher courses are also on-going.

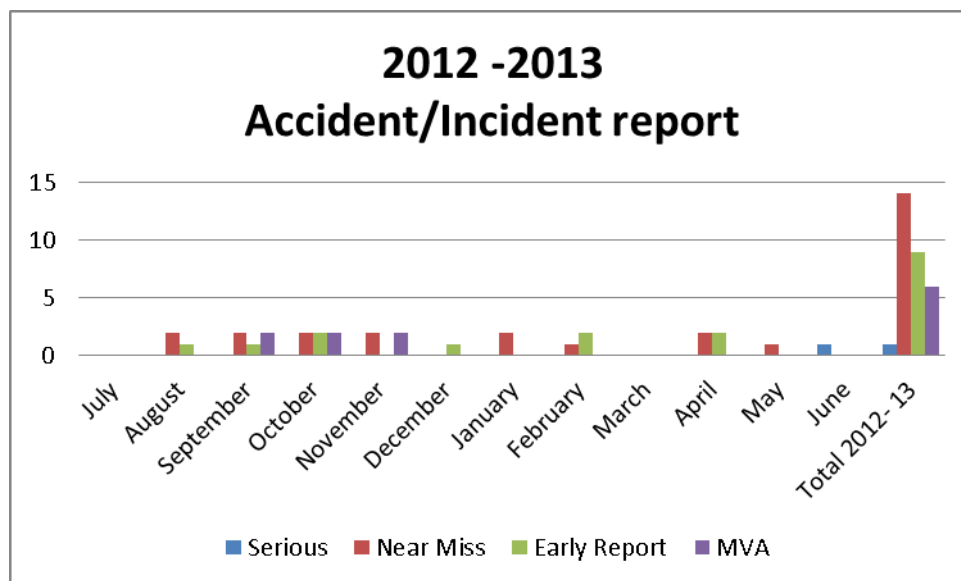
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Below is the Accident and Incident Register information for the year July 2012 to June 2013.

### Accident/Incident Register for period July 2012 to June 2013

	Serious	Near Miss	Early Report	Motor Vehicle Accidents	Monthly
July					
August		2	1		3
September		2	1	2	5
October		2	2	2	6
November		2		2	4
December			1		1
January		2			2
February		1	2		3
March					
April		2	2		4
May		1			1
June	1				1
Total 2012- 13	1	14	9	6	30
Total 2011-12	1	7	12	1	21



**FINANCE AND IT****Fraud declaration**

Fraud is an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. I am not aware of any fraud nor am I investigating any incidence or suspected incidence of fraud at this time.

**Finance**

The Finance team are working hard towards achieving an early year-end cut-off targeted at 10 July 2013. The pre-election report and June management accounts will be provided to the July Audit and Finance Page meeting.

**IRIS**

Staff are using the application with confidence and feedback remains positive. Residual data not critical to go-live has now been migrated. The application continues to perform well along with the integration of the financial and document management systems. Significant progress has been made on delivering the reports required from IRIS.

**Infrastructure**

Council has upgraded its internet link with new firewalls/routers. The new DR SAN is now located at the Gen-I datacentre. Staff are currently moving the DR data from the previous SAN to the new SAN. This is expected to be completed by 3 July 2013. During this cutover period we still have full DR in place to our previous site.

Council has also selected a generator supplier – WES Electrical - and are currently in discussions with our internal NRC hazardous waste staff and Hayman Construction about the external platform/enclosure requirements.

**COMMERCIAL****Seismic review of council's Water Street building**

Council has now received the results of the further seismic structural analysis on the 36 Water Street building. This included 3D models utilising a structural engineering programme to apply relevant gravity and seismic loadings with specific reference to the structural ductility factor. The main Water Street structure is essentially two buildings, the road front two-storey building and the rear four-storey building.

The seismic review results are reported in terms of % National Building Standard (NBS). The Whāngārei District Council is the Building Consent Authority with jurisdiction and pursuant to the Building Act 2004, it has adopted a Dangerous, Insanitary and Earthquake Prone Buildings Policy<sup>1</sup>. The policy states that buildings assessed as being more than 33.3% NBS (i.e. over 33.3% as strong as a building of similar type, designed with the requirements of the current building code) are not considered earthquake prone.

The WDC Policy further states that:

*“Should an earthquake prone building be upgraded to a level that satisfies the NZSEE requirements, (67% of the current standard), then any change to building codes or standards is unlikely to affect those buildings for a considerable time, and achieving*

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<sup>1</sup> <http://www.wdc.govt.nz/PlansPoliciesandBylaws/Policies/Pages/DangerousInsanitaryEarthquakeProneBuildingsPolicy.aspx>



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*the NZSEE level should have the effect of prolonging the possibility of the need for further upgrading.”*

The NZ Society of Earthquake Engineers (NZSEE) have recommended that all buildings should meet at least 67% of NBS, and this recommendation has been adopted by some building lessees including government departments, banks and insurance companies.

The results of the Water Street building assessment are that in current conditions, the four-storey building is 58% NBS and the two-storey building 34% NBS. The engineers have reported that the cantilever column in the two-storey building could be strengthened to achieve 58% NBS for that building also.

The engineers have been requested to design the strengthening required to achieve 58% NBS for the two storey building as well as provide details and cost estimates on strengthening options to achieve the 67% NBS. The assessments are based on the assumption that the current type of building use will continue and that the building would not be used post an earthquake for emergency response purposes.

**Compliance with decision making processes:**

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 to 82 of the Local Government Act 2002.

**Recommendation:**

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That the Chief Executive Officer's report dated 1 July 2013 be received.

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**APPENDICES**

1. Regional Software Holdings Limited Statement of Intent
2. Detailed information – Consents decisions and progress on notified applications in process, objections and appeals.



# **Regional Software Holdings Limited**

## **Statement of Intent**

27 June 2013

Version 1.1

### **1 Introduction**

This Statement of Intent is a public declaration of the activities and intentions of the Council Controlled Organisation, Regional Software Holdings Limited (RSHL). The statement outlines the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

RSHL has no subsidiaries or joint ventures.

RSHL's mission, vision, and key performance indicators are shown below.

#### **1.1 Nature and Scope of Activities to be Undertaken**

RSHL provides a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own.

The company operates through managed contractual arrangements, and by facilitating collaborative initiatives between shareholder councils' staff. Shareholder councils could be both customers of RSHL and providers of service to RSHL.

The scope of activities for RSHL is not necessarily limited to the IRIS application suite. Future activities will be identified by Shareholder Councils. New opportunities will be identified, and priorities set in the Business Plan, other opportunities may arise and be investigated on a case by case basis. New activities will require explicit Board approval.

The high level scope of the IRIS product is in Appendix 5 of the Business Plan

#### **1.2 Mission**

Provide long term shared software resources that are relevant to regional council activities and are fit for purpose, reliable, robust, resilient and cost effective.

#### **1.3 Vision**

To develop, maintain and licence the Software Intellectual Property to the Shareholders and other customers on an ongoing basis.

To ensure the Company operates in a cost effective manner that reduces costs and risks to the Shareholders.

To provide a framework for collaboration between the shareholder councils and other customers for the development and implementation of an IT platform or IT platforms over the long term,

To provide RSHL shareholders and customers with application software products and services in a manner that achieves: <sup>1</sup>

- Continuity of supply
- Influence / control of the destiny of Regional Council sector specific software
- Risk reduction
- Economies of scale
- Some standardisation of practice, or adoption of best practice.

The current flagship of RSHL is the Integrated Regional Information System (IRIS).

#### **1.4 Values**

In all RSHL decisions and interactions the board and staff together with member council participants who may be working within the RSHL framework will observe the following values and ethos:

- The best decision is that which provides the best end result, primarily for our shareholder councils but also our customer councils, and indirectly the communities they serve.
- We are forward thinking and innovative
- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open
- Our solutions will be practical, appropriate to the scale of the problem and affordable
- Where appropriate we will utilise codes of practice and standards produced by industry groups
- All parties to any decision or interaction will be treated with respect, dignity, integrity, and honesty.

## **2 Objectives**

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to: <sup>2</sup>

- (a) achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

## **3 Board's Approach to Governance**

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<sup>1</sup>From: Interim Memorandum of Understanding & Syndicated Purchasing Agreement – expanded to include 'products'

<sup>2</sup> From: Constitution of regional Software Holdings Ltd, Section 1.1

Members of RSHL's Board of Directors are appointed by the shareholders to govern and direct RSHL's activities. The Shareholders Agreement states that each shareholder has the right to appoint one Director, and that person will be the CEO, or a person nominated by the CEO.<sup>3</sup> The Constitution allows each Director to appoint an alternative director.<sup>4</sup> The Constitution also allows the Shareholders to appoint independent directors.<sup>5</sup> The Constitution also requires that the Board collectively must have relevant knowledge and experience of finance, public bodies, management, governance, and IT management.<sup>6</sup>

The Board is the overall final body responsible for all decision-making within the company. The Board is accountable to its shareholders for the financial and non-financial performance of the company.

Directors' behaviour is to comply with Institute of Directors' standards for Code of Conduct. The purpose of the code is to clarify how the Board of Directors shall define and deal with:

- The role and fundamental obligations of the Board
- Independence and conflict of interest, including conflict with management
- Board procedures, including the role of the Chairman and interaction with the General Manager
- Reliance on information and independent advice
- Confidentiality of company information
- Board and Director performance review and development

RSHL will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, and provisions of the Local Government Act 2002.

## **4 Ratio of Consolidated Shareholder's Funds to Total Assets**

It is intended that the proportion of equity to total assets be in excess of 60%.

## **5 Accounting Policies**

Financial statements will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), the Financial Reporting Act 1993 and the NZ IFRS Standards.

The following particular principles which have a significant effect on measurement of financial position are to apply:

- Accounts Receivable are to be stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments to be valued at the prevailing market value.
- Fixed assets to be recorded at cost, less accumulated depreciation.
- Depreciation will not be funded.<sup>7</sup>

<sup>3</sup>RSHL Shareholders Agreement clause 4.1

<sup>4</sup>RSHL Constitution clause 8.3

<sup>5</sup>RSHL Constitution clause 8.4

<sup>6</sup>RSHL Constitution clause 8.6

<sup>7</sup>PriceWaterhouse Coopers Report *IRIS CCO - Advice on Preferred Structure* dated 23 December 2009 Section 4

- Depreciation / Amortisation is to be provided on a straight line basis on all assets other than land, and align with normal accepted depreciation for the types of services being developed.

#### Intangible Assets

- Where intangible assets are purchased, such as intellectual property and computer software, these are to be capitalised and written off on a straight line basis over their expected life, but no greater than ten years.

#### Impairment Testing

- Assets with a finite life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### Inventories

- It is not envisaged that the company will hold inventories, other than those that might relate to providing computer based services to a number of parties. They will be valued at net realisable value.

#### Taxation

- Taxation will be provided as required against the company in line with the required legislation.

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Auditor General will be responsible for the audit of the company's financial statements.

## 6 Performance Targets and Other Measures

Performance targets by which the success of the company may be judged in relation to its objectives are:

		2012/13	2013/14	2014/15
Financial	RSHL will operate within its budget	Applies	Applies	Applies
	Annual charges: increase in cost to councils not to exceed the CPI	n/a	Applies	Applies

		2012/13	2013/14	2014/15
Non Financial	IRIS Development project to be completed on time to budget	Applies	n/a	n/a
	IRIS software is deployed in all 6 shareholder councils within 12 months of availability *	Applies	Applies	n/a
	95% of Support requests are resolved within agreed timeframes *	Applies	Applies	Applies
	IRIS user groups meet and effectively control their support and minor development budgets *	Applies	Applies	Applies
	IRIS annual development projects are completed on time to budget, and all development projects have approved business cases.	n/a	Applies	Applies
	Consider a new service area or areas outside of the current scope of IRIS <sup>8</sup>	n/a	n/a	Applies

		2012/13	2013/14	2014/15
Growth	One new Council added to IRIS as shareholder or customer by end of 2013 *	n/a	Applies	n/a

\* It should be noted that the achievement of some of the above performance targets are dependent on decisions to be made by parties over which the board of directors has limited influence.

## 7 Distribution of Profits to Shareholders

RSHL does not have an objective to make a profit. It seeks to provide products and services at lower costs, and / or higher levels of service than shareholder councils can achieve on their own.

In order for IRIS to be subject to tax, generally it must meet the business test. Fundamental to this is a profit motive. Given the basis under which this CCO operates is to minimise the costs and generally operate on a cost recovery basis and that a pecuniary profit is not intended and highly unlikely, the lack of a profit motive is real.

The RSHL Shareholders Agreement states "If Operating Expenses for a fiscal year are less than the budgeted amount for such year, the Company will retain the funds for application to Operating Expenses for the subsequent fiscal year"<sup>9</sup>. Therefore there will not be a profit available for distribution.

## 8 Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year Statement of Financial Performance, Statement of Changes in Equity Statement of Financial Position, Statement of Cashflows and Service Performance.

<sup>8</sup> Consider does not mean commit to do, but to identify & evaluate one or more opportunities

<sup>9</sup> Shareholders Agreement, clause 7.4

- Within two months of the end of the financial year the following audited statements: Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company's medium to long-term plans.
- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made to it within two months of 1 March by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June
- A draft Business Plan will be prepared each October, for the financial year that commences on the following June. This early presentation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their Council's budget processes. The Board are to approve the business plan by the end of March prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above the CPI index.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

## **9 Procedures for Major Transactions and Other Acquisitions and Disposals**

The Company will not enter into major transactions as defined in Section 129(2) of the Companies Act 1993 without the consent of the shareholders.

## **10 Procedures for Issue of Shares**

The RSHL shareholder agreement requires the approval of the Shareholders holding at least of 75% of the shares for "the issuing or acquisition of any Shares or any change to the rights attaching to any Shares".<sup>10</sup>

## **11 Activities for Which Compensation Is Sought**

Payment of an Annual Fee for IRIS will be sought from all customers of RSHL, which includes Shareholder Councils, for annual support and development fees, as set out in the License Agreement. The IRIS annual support fee also includes funding to cover the cost of running RSHL.

It is noted that other products or services may be delivered by RSHL. Any such services will only be delivered after the Directors have considered each individual business case including the proposed budget and agreed that the proposed service meets the objectives of RSHL.

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<sup>10</sup> Shareholders Agreement clause 5.1(b)



Any ongoing activities to identify develop or procure additional products or services will be budgeted for in advance, subject to the business case. The subsequent recovery from one or more shareholder or customer councils will be agreed by the Directors on a case by case basis in accordance with the RSHL Constitution.

## **12 Estimate of Commercial Value of The Shareholder's Investment**

The Directors' estimate of the commercial value of the Shareholders' investment in RSHL is equal to the Shareholders' equity in the Company. Reassessment of the value of this shareholding shall be undertaken on or about 30 June each year.

## **13 Shareholding**

Regional Software Holdings Limited (RSHL) was formed on 17 October 2012. At the time of formation the company issued 10,000 shares to its shareholders based on a previously agreed sizing formula. The following shareholding was agreed:

<b>Shareholder</b>	<b>Percentage</b>	<b># of shares</b>
Environment Waikato	32.75%	3,275
Northland Regional Council	16.75%	1,675
Horizons Regional Council	15.50%	1,550
Taranaki Regional Council	15.50%	1,550
Southland Regional Council	15.50%	1,550
West Coast Regional Council	4.00%	400

Note For Info: Requirements for Statement of Intent

Source: Office of the Auditor General

<http://www.oag.govt.nz/2007/corporate-intent/appendix2.htm>

Item	Section
Statement of intent	This document
Coverage over three financial years and updated annually	1 & 8 & 6
Objectives of the group	2
A statement of the board's approach to governance	3
Nature and scope of the activities to be undertaken	1
Ratio of consolidated shareholders' funds to total assets, and the definitions of those terms	4
Accounting policies	5
Performance targets and other measures by which the performance of the group may be judged in relation to its objectives	6
An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders	7
The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years	8 (Shareholders)
Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation	9
Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation)	11 (Local authority)
The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed	12 (Shareholders)
Other matters that are agreed by the shareholders/ shareholding Ministers and the board	none (Shareholders)
Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent	8 (Plus explanation of material variances)

## ATTACHMENT 2

## CONSENTS DECISIONS AND PROGRESS ON NOTIFIED APPLICATIONS IN PROCESS, OBJECTIONS AND APPEALS

The Consents/Monitoring Senior Programme Manager's report on resource consent decisions issued under delegated authority since 1 June 2013 is circulated to councillors under separate cover.

Progress on notified applications, objections, and appeals is as set out in the following tables:

### NOTIFIED APPLICATIONS

#### Applications Publicly/Limited Notified During Previous Month

Applicant	Proposal	Notification Period	Comment
New Zealand Refining Company Ltd APP.008319.16.01	Proposed stormwater basin overflow spillway and discharge of treated stormwater	11 June 2013 to 9 July 2013	Publicly notified.

#### Progress on Applications Previously Notified

Applicant	Proposal	Progress
Far North Holdings Limited APP.008385.30.01	Various consents associated with a proposed pile berth extension of the Ōpua Marina	Forty submissions received, 23 in opposition, 13 in support, three neutral and one partial support/oppose submission. Fifteen submitters wish to be heard at a hearing with six submitters not indicating whether they wish to be heard or not. Processing timeframes have been extended at the applicant's request.
Kaipara District Council APP.009888.01.01 ( <i>"Boar Hill"</i> ) APP.009889.01.01 ( <i>"Cattlemount"</i> and <i>"Cattlemount Spring"</i> ) APP.003815.01.03 ( <i>Brynderwyn Stream</i> ) APP.007582.01.02 ( <i>Piroa Stream</i> )	To authorise existing water takes for the public water supply of Maungaturoto. In addition, new consents are also being sought for a proposed stream flow monitoring weir	<b>Boar Hill/Cattlemount:</b> Four submissions received on each set of applications, one in opposition, one in support and two neutral. Two submitters wish to be heard. <b>Brynderwyn/Piroa:</b> Five submissions received, one in opposition wishing to be heard, and four has been in support not wishing to be heard.  Agreement reached with the applicant on draft conditions. Submitters are being contacted to discuss the consent process with the aim of avoiding a formal hearing.

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<b>Applicant</b>	<b>Proposal</b>	<b>Progress</b>
Far North District Council APP.004007.01.03	East Coast Bays Wastewater Treatment Plant (Taipā) replacement discharge consents	Fifty-four submissions received, 24 wishing to be heard and 30 not wishing to be heard. Most of those oppose the current operation of WWTP. As a result of discussions between the applicant and Iwi, an alternative disposal option using the Turners and Growers orchard at Taipā was agreed upon and a discharge to land application made to council. This application was returned as it did not contain an adequate AEE. No further progress has been made with the application due to difficulties in discussing the alternative option with the land owners of the orchard. The applicant has recently allocated budget for an upgrade to the existing WWTP and is currently awaiting the results of an investigation into upgrade options. Once this has been received, the applicant will contact submitters to reopen discussions on a way forward with this application.
Li Liangren Family Trust APP.024253.01.01	Earthworks and stormwater consents for 118 lot subdivision at Tinopai	Six submissions received (one late) with five being in opposition and one neutral. Four submitters wish to be heard. Joint applications for subdivision with the Kaipara District Council (KDC) as lead authority. Hearing delayed pending receipt of further information sought by KDC. Hearing date delayed at request of applicant.
Far North District Council APP.003775.01.03	Discharges associated with the Ahipara Wastewater Treatment Plant	Ten submissions received, all in opposition, with nine submitters wishing to be heard. Draft staff report and conditions were circulated to the submitters for comment prior to a pre-hearing meeting on 28 March 2013. Some submitters are still not satisfied with the proposed conditions after discussion at a pre-hearing meeting. The applicant has agreed that a formal hearing is required to progress the application. This hearing is tentatively scheduled for August.
B C Taylor APP.015366.01.02	Use of a coastal structure (building) for accommodation and community hall at Whakapirau	Nine submissions received, two in support and seven in opposition. Six submitters wish to be heard. Application on hold under section 91 RMA pending applications to the KDC. The applicant has requested a time extension to enable arrangements between him and the KDC in respect of the land, including whether any change to the current designation is required. No further action on the application to the NRC is now expected until mid 2013.
Whāngārei District Council APP.029021.01.01	Discharge treated sewage effluent to the Hātea River from the Hātea Sewage Pump Station	Publicly notified with nine submissions received, four in support, four in opposition, and one in support of parts and opposing rest. Eight submitters wish to be heard and one not indicating. All submitters have now withdrawn their wish to be heard at a formal hearing. Applicant has now confirmed that it agrees with the proposed conditions of consent. Decision to grant consent has been made under delegated authority.

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<b>Applicant</b>	<b>Proposal</b>	<b>Progress</b>
Northland Regional Council APP.029683.01.01	To maintain a navigation channel in the Waitangi River at Haruru Falls	Four submissions received, one in support, one neutral and two in opposition with the submitters wishing to be heard. Further processing of the application has been suspended while the applicant attempts to resolve both opposing submitter's concerns. Pre-hearing meetings with these two submitters were held on 27 March 2013. Hearing before the Hearing Commissioner is scheduled for 31 July 2013.
Millpara Avocados Limited APP.014520.01.02 APP.014520.02.01	Increase in existing groundwater take for avocado irrigation purposes, Paparore, Far North	Twelve submissions received within time, with one submitter wishing to be heard. Nine are in opposition, one in support and two neutral. One further (late) submission in opposition received. With the approval of the applicant, the council has placed the application on hold to determine possible additional information requirements required to assess actual effects of take on other groundwater users that were raised in submissions. As a result of the council's assessment of possible options regarding additional information, the applicant has significantly reduced its requested increase in volume of water take. The council is in discussion with the applicant on the best way forward with its application.
Whāngārei District Council, Parks Division APP.030692.01.01	Proposed boatramp and reclamation at Pataua North estuary	Thirty-eight submissions received (one late), with two in support (one conditional), 34 in opposition and one not stating whether in support, opposing or neutral. A total of 20 submitters, including the late submitter, wish to be heard. Independent commissioners sought by some submitters under section 100A. Further information has been received from the applicant relating to effects on coastal processes and cultural impacts. Hearing scheduled for 9 July 2013.
Whaingaroa Fisheries Company Limited APP.008120.01.01	Marine farm (fish and shellfish) at Owhanga Bay, Whangaroa Harbour	A total of 310 submissions received (two late) all in opposition, with 107 submitters wishing to be heard. Some have requested independent commissioners under section 100A to hear the proposal. Further information has been sought from the applicant under section 92.
Far North District Council APP.008527.01.02	Kaikohe Urban Stormwater System – Renewal	One submission received, not wishing to be heard and in support of the application. Draft conditions to be sent to the applicant for review.

**Hearings and Decisions**

<b>Applicant</b>	<b>Proposal</b>	<b>Date of Hearing</b>	<b>Decision Issued/Comment</b>
Westpac Mussels Distributors Limited APP.031050.01.01	Marine Farm (mussels) at Houhora Bay	10 June 2013	Decision from Hearing Commissioner pending.

**ITEM: 5.0**

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<b>Applicant</b>	<b>Proposal</b>	<b>Date of Hearing</b>	<b>Decision Issued/Comment</b>
D M Jepson APP.031312.01.01	Proposed board walk, jetty facility and dredging including retrospective application for an existing boat ramp, rock revetment and stormwater outlet	21 June 2013	Decision from Hearing Commissioner pending.
Northland Regional Council APP.031159.01.01	Proposed construction and operation of a stormwater detention dam at Kotuku Street, Maunu	-	A total of nine submissions received, with one in support, three in opposition, three neutral and two with an unspecified position. Five submitters wished to be heard. Following consultation between the applicant and submitters, these five submitters have withdrawn their wish to be heard. The decision on the application will be made by an Independent Commissioner.

**APPEALS/OBJECTIONS**

<b>Applicant</b>	<b>Proposal</b>	<b>Progress</b>
Poutō Farms Limited APP.021258.01.01	Flood protection works at Kaihū River	Objection to decision to return application documents as incomplete, but the applicant is still seeking stay of hearing, pending receipt of flood model data to enable completion of application detail.
Far North District Council APP.004369.01.03 APP.004369.01.02	Existing water take from Waitemarama Stream for supply of Ōmāpere/ Opononi	Environment Court granted consent on 5 June 2013.
Mangawhai Harbour Restoration Society APP.026844.01.01	Removal of 87 hectares of mangroves from Mangawhai Harbour and channel dredging	Appeal lodged by the applicant. Thirteen section 274 parties. Environment Court assisted mediation was held on 14 September 2011. There was no resolution and the appeal hearing commenced 30 April 2012. An interim decision has been issued by the Court declining the consent sought for dredging and indicating that consent might be forthcoming for three, possibly four, mangrove removal sites subject to satisfactory responses from the parties on conditions, mapping in one area and a jurisdictional question posed by the Court. The provision of these responses has recently occurred and the matter is back with the Court.

**ITEM: 5.0**

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<b>Applicant</b>	<b>Proposal</b>	<b>Progress</b>
Maungatapere Water Company Limited APP.004607.01.03	Take water from Porotī Springs for Maungatapere water scheme	Appeal lodged by Whatitiri Maori Reserves Trust – only on term of consent.
		Appeal lodged by Lorraine Norris – only on term of consent.
		Environment Court hearing held on 13 and 14 June 2013. Awaiting Court decision.
Whāngārei District Council APP.002960.01.03	Take water from Porotī Springs for municipal water supply	Appeal lodged by Whatitiri Maori Reserves Trust – only on term of consent.
		Appeal lodged by Lorraine Norris – only on term of consent.
		Environment Court hearing held on 13 and 14 June 2013. Awaiting Court decision.
Westpac Mussels Distributors Limited APP.029371.01.01	94.05 ha marine farm (mussels, mussel spat catching, and oyster depuration and growing) west of Stephenson Island, near Whangaroa Harbour	Appeals lodged by Yachting New Zealand and Whangaroa Maritime Recreational Park Steering Group (WMRPSG). A number of section 274 parties have attached to the WMRPSG appeal.
J K Upperton APP.008867.01.02	Earthworks in the Riparian Management Zone relating to a construction of a proposed dwelling and access	Appeal lodged by A Hamilton relating to notification decision, significance of site to Maori and cultural values and effects on kai moana.





**ITEM: 6.1**

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**ISSUE: Confirmation of Minutes – 18 June 2013****ID:** A549541**To:** Council Meeting, 11 July 2013**From:** Chris Taylor, Council Secretary**Date:** 28 June 2013

**Summary** The purpose of this report is to present the unconfirmed minutes of the council meeting held on 18 June 2013. It concludes with the recommendation that council confirms the minutes as a true and correct record.

<b>Report Type:</b>	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision
<b>Purpose:</b>	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input checked="" type="checkbox"/>	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other
<b>Significance:</b>	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

**Report:**

The minutes are **attached**.

**Legal compliance:**

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

**Recommendation:**


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That the minutes of the council meeting held on 18 June 2013 be confirmed as a true and correct record.

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## NORTHLAND REGIONAL COUNCIL

Minutes of the ordinary meeting of the council  
held at the Kerikeri RSA, Cobham Road, Kerikeri, on Tuesday 18 June 2013,  
commencing at 1.00 pm

**Present:**

Chairman, Craig Brown  
Deputy Chairman, John Bain  
Councillors:  
Joe Carr  
Tony Davies-Colley (from 1.57 pm)  
Bronwyn Hunt (left meeting 2.34 pm)  
Graeme Ramsey  
Bill Rossiter  
Ian Walker

**In Attendance:****Full Meeting**

GM – Planning and Policy  
Council Secretary

**Part Meeting**

Chief Executive Officer, Malcolm Nicolson (from 1.59 pm)  
GM – Finance and IT  
Biosecurity SPM

The Chairman declared the meeting open at 1.00 pm.

**Apologies (Item 1.0)****Moved (Brown/Bain)**

That the apologies from Councillor Davies-Colley and the Chief Executive Officer, Malcolm Nicolson, for delayed arrival be received.

**Carried****Declarations 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.

There was a minutes silence as a mark of respect for the passing of council officer, Don Gregory, and the Chairperson of Te Uri o Hau Trust, Mihi Kapa-Watene.

*Item 3.0 was addressed prior to Items 2.0A, 2.0B and 2.0C to allow for the attendance of Animal Health Board representatives.*

### **Supplementary Item for the Council Meeting – 18 June 2013**

**(Item 2.0A)**

**ID: A546720**

**Report from Council Secretary Chris Taylor.**

**Moved (Carr/Rossiter)**

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987, the supplementary item:

- 8.9: Northland Inc. 2013/14 Quarter 1 Funding

be received.

**Carried**

### **Tabled Item for the Council Meeting – 18 June 2013**

**(Item 2.0B)**

**ID: A547094**

**Report from Council Secretary Chris Taylor.**

**Moved (Carr/Rossiter)**

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987, the tabled item:

- 8.2A: Rates for Year 1 July 2013 to 30 June 2014

be received.

**Carried**

### **Tabled Confidential Item for the Council Meeting – 18 June 2013 (Item 2.0C)**

**ID: A547286**

**Report from Council Secretary Chris Taylor.**

**Moved (Carr/Rossiter)**

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987, the tabled confidential item:

- 9.4: 152 Cameron Street – Cancellation of Lease

be received.

**Carried**

*Item 3.0 was addressed prior to Items 2.0A, 2.0B and 2.0C to allow for the attendance of Animal Health Board representatives.*

## **Presentations (Item 3.0)**

### **Update on Bovine TB (Item 3.1)**

**ID: A544418**

**Report from Biosecurity Senior Programme Manager Don Mckenzie.**

#### **Moved (Rossiter/Brown)**

1. That the report "Update on Bovine TB" by Don Mckenzie, Biosecurity Senior Programme Manager, dated 4 June 2013, be received.
2. That the presentation given by the Animal Health Board staff be noted.

#### **Carried**

#### **Matters arising from Item 3.1:**

Matthew Hall, Animal Health Board (AHB) New Zealand Vector Operations Manager, Kevin Crews, AHB National Bovine Tuberculosis (TB) Manager and Jane Sinclair, AHB Area TB Manager, were in attendance and provided the presentation "TB and Northland" covering the following key points:

##### *About the AHB*

- The structure and purpose of the Animal Health Board
- Funding contributors for the disease and vector programmes
- The transition to the new organisation OSPRI (Operational Solutions for Primary Industries) New Zealand

##### *Bovine TB and Control*

- An overview of the TB disease; its origins and cycle
- Progress made with TB control
- Objectives set to 2025/26 and the control strategies in place to achieve these

##### *An update on TB in Northland*

- 2009 and 2012 breakdowns
- Infected herd management
- Determining the geographic extent of infection
- Investigation into breakdown causes and mapping herd movements

It was generally agreed that if TB was detected in the wild animal population of Northland, hence losing its TB free status, the Animal Health Board must come back to advise council of the implications.

**Chairman's Report to Council (Item 4.0)****ID: A543138****Report from Chairman Craig Brown.****Moved (Brown/Rossiter)**

That the Chairman's report dated 7 June 2013 be received.

**Carried**

*Councillor Davies-Colley and Chief Executive Officer, Malcolm Nicolson, arrived.*

**Chief Executive's Report to Council (Item 5.0)****ID: A538506****Report from Chief Executive Officer Malcolm Nicolson.****Moved (Brown/Bain)**

That the Chief Executive Officer's report dated 7 June 2013 be received.

**Carried****Matters arising from Item 5.0:**

Councillor Bain undertook to circulate information regarding the West Coast's approach to issuing licences for petroleum and mineral exploration.

It was agreed that economic assessment must be reported concurrently with RiVAS evaluations.

Chairman Craig Brown undertook to formally write to the Chairman of the Local Government Commission and request that the Commission communicates changes to the proposed local government reorganisation process/timeframes to the Northland community.

Chief Executive Officer, Malcolm Nicolson, undertook to circulate confirmation of the frequency with which coastal monitoring was undertaken.

Malcolm also undertook to investigate who was involved in the mediation process and the timelines relating to the Mangawhai Harbour Restoration Society's application.

**Confirmation of Minutes – 21 May 2013 (Item 6.1)****ID: A543467****Report from Council Secretary Chris Taylor.****Moved (Bain/Walker)**

That the minutes of the council meeting held on 21 May 2013 be confirmed as a true and correct record.

**Carried**

**Environmental Management Committee Minutes – 28 May 2013****(Item 6.2)****ID: A541523****Report from Committee Secretary Peternel McLean.****Moved (Carr/Rossiter)**

That the minutes of the Environmental Management Committee meeting held on 28 May 2013 be received.

**Carried****Matters arising from Item 6.2:**

The Council Secretary undertook to follow up the request that Fonterra's written response, addressing the concern that permanent fencing was required to ensure stock were kept out of waterways, was circulated to the Environmental Management Committee.

**Audit and Finance Committee Minutes – 28 May 2013 (Item 6.3)****ID: A543609****Report from Council Secretary Chris Taylor.****Moved (Rossiter/Carr)**

That the minutes of the Audit and Finance Committee meeting held on 28 May 2013 be received.

**Carried****Matters arising from Item 6.3:**

Councillor Rossiter and Chief Executive Officer, Malcolm Nicolson, undertook to address the Whāngārei Bird Recovery Centre's request for funding and report back to council.

There was general agreement that the reporting framework for councillors representing the regional council on external groups should be incorporated within the governance review.

**Northland Civil Defence Emergency Management Group Minutes – 4 June 2013 (Item 6.4)****ID: A541529****Report from CDEM Senior Programme Manager Graeme MacDonald.****Moved (Carr/Rossiter)**

That the minutes of the Northland Civil Defence Emergency Management Group meeting held on 4 June 2013 be received.

**Carried**

**Financial Report to 31 May 2013 (Item 7.1)****ID: A544812****Report from Management Accountant Steve Goddard.****Moved (Rossiter/Bain)**

1. That the report "Financial Report to 31 May 2013" by Management Accountant, Steve Goddard, dated 7 June 2013, be received.
2. That the proposed carry forwards of \$82,000 for iwi related projects be approved to be carried forward into the 2013/2014 financial year to enable the work programmes described in this paper to be completed.
3. That the proposed carry forwards of \$306,118 for planning and policy related projects be approved to be carried forward into the 2013/2014 financial year to enable the work programmes described in this paper to be completed.

**Carried****Matters arising from Item 7.1:**

There was general agreement that when year-end accounts were presented to council in August that they must include budget plans for all proposed carry forwards that were not a result of timing issues.

*The meeting adjourned at 3.09 pm for afternoon tea and reconvened at 3.17 pm.*

**Community Investment Fund – Review of Investment Managers' Performance and Proposed Change to Community Investment Fund SIPO (Item 7.2)****ID: A536141****Report from General Manager – Finance and IT Lisa Aubrey.****Moved (Rossiter/Carr)**

1. That the report "Community Investment Fund – Review of Investment Managers' Performance and Proposed Change to Community Investment Fund SIPO" by Lisa Aubrey, General Manager - Finance and IT, dated 6 June 2013, be received.
2. That the appointment of investment managers set out in section 7.2 and appendices B Investment Managers and Advisors and C Manager Mandates, to the SIPO be amended to allow \$2 million or 30% of the fixed interest portfolio be invested in the Milford Income Fund.

**Carried**



## **Adoption of the Final Annual Plan 2013/14, the 2013/14 Charging Policy and the Navigation, Water Transport and Maritime Safety Bylaw Charges Policy 2013/14 (Item 8.1)**

**ID: A544195**

**Report from Chief Executive Officer Malcolm Nicolson.**

**Moved (Bain/Walker)**

1. That the report "Adoption of the Final Annual Plan 2013-2014, the 2013-2014 Charging Policy and the Navigation, Water Transport and Maritime Safety Bylaw Charges Policy 2013-2014" by Malcolm Nicolson, Chief Executive Officer, dated 5 June 2013 be received.
2. That in accordance with section 95 of the Local Government Act 2002, the council adopts the Annual Plan 2013-2014.
3. That following consultation undertaken by Kaipara District Council in its draft Annual Plan 2013-2014, council adopts the amended Kaipara rating policies to be applied to regional council rates collected in the Kaipara district.
4. That the Charging Policy 2013-2014 included within the final Annual Plan 2013-2014 be approved and adopted, and come into force on 1 July 2013.
5. That the Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw Charges 2013 made pursuant to section 684B of the Local Government Act 1974 and in accordance with sections 83, 86 and 156 of the Local Government Act 2002, as contained in the final Annual Plan 2013-2014 be adopted and shall come into force on 1 July 2013.
6. That the council authorises the Chief Executive Officer to make any necessary minor drafting, typographical or presentation corrections to the Annual Plan 2013-2014 prior to the document going to print.

**Carried**

*Item 8.2 was replaced with the Tabled Item 8.2A*

## **Rates for Year 1 July 2013 to 30 June 2014 (Tabled Item 8.2A)**

**ID: A544251**

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

**Moved (Walker/Rossiter)**

1. That the report "Rates for Year 1 July 2013 to 30 June 2014" by Simon Crabb, Financial Manager, and Lisa Aubrey, General Manager - Finance and IT, dated 5 June 2013, be received.
2. That the Northland Regional Council resolves to set the following rates under the Local Government (Rating) Act 2002 for the financial year commencing 1 July 2013 and ending 30 June 2014.

### 3. Targeted Council Services Rate

A targeted rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation, of each constituent district in the Northland region. An additional \$1.73 per separately used or inhabited part of rating units (SUIP) is to be levied across the Whāngārei constituency to provide funding for the on-going maintenance needs of the Hātea River channel. The rate is a targeted rate, differentiated by location in the Northland region, and assessed as a fixed amount per separately used or inhabited part of a rating unit (SUIP) in the Far North and Whāngārei Districts and on each rating unit (RU) in the Kaipara District. The rate will be set as follows:

	<u>Including GST</u>
Far North District	\$93.58 per SUIP
Kaipara District	\$106.75 per RU
Whāngārei District	\$109.08 per SUIP

### 4. Targeted Land Management Rate

A targeted rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. This rate is assessed on the land value of each rating unit in the region. The rate is set per dollar of the actual rateable land value. The rate per dollar of actual rateable land value is different for each constituent district, as the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act. The rate is set as follows:

	<u>Including GST</u>
Far North District	\$0.0002713 per dollar of land value
Kaipara District	\$0.0002892 per dollar of land value
Whāngārei District	\$0.0003159 per dollar of land value

Alternatively the rate may be stated in dollar terms, i.e. the rate is \$27.13, \$28.92 and \$31.59 per **\$100,000** of land value in the Far North, Kaipara and Whāngārei Districts respectively.

### 5. Targeted Northland Regional Recreational Facilities Rate

A targeted Regional Recreational Facilities Rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. The rate is a fixed rate, differentiated by location in the Northland region. The rate will be assessed on each rating unit (RU) in the Kaipara District and each separately used or inhabited part of a rating unit (SUIP) in the Far North and Whāngārei Districts. The rate will be set as follows:

	<u>Including GST</u>
Far North District	\$5.75 per SUIP
Kaipara District	\$5.75 per RU
Whāngārei District	\$28.75 per SUIP

6. **Targeted Regional Infrastructure Rate**

A targeted rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. This rate is assessed on the land value of each rating unit in the region. The rate is set per dollar of the actual rateable land value. The rate per dollar of actual rateable land value is different for each constituent district, as the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act. The rate is set as follows:

	<u>Including GST</u>
Far North District	\$0.0000308 per dollar of land value
Kaipara District	\$0.0000332 per dollar of land value
Whāngārei District	\$0.0000356 per dollar of land value

Alternatively the rate may be stated in dollar terms, i.e., the rate is \$3.08, \$3.32 and \$3.56 per **\$100,000** of land value in the Far North, Kaipara and Whāngārei Districts respectively.

7. **Targeted Rescue Helicopter Services Rate**

A targeted Rescue Helicopter Services Rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. The rate is a fixed rate assessed on each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whāngārei Districts and each rating unit (RU) in the Kaipara District. The rate is set as follows:

	<u>Including GST</u>
Far North District	\$8.29 per SUIP
Kaipara District	\$8.29 per RU
Whāngārei District	\$8.29 per SUIP

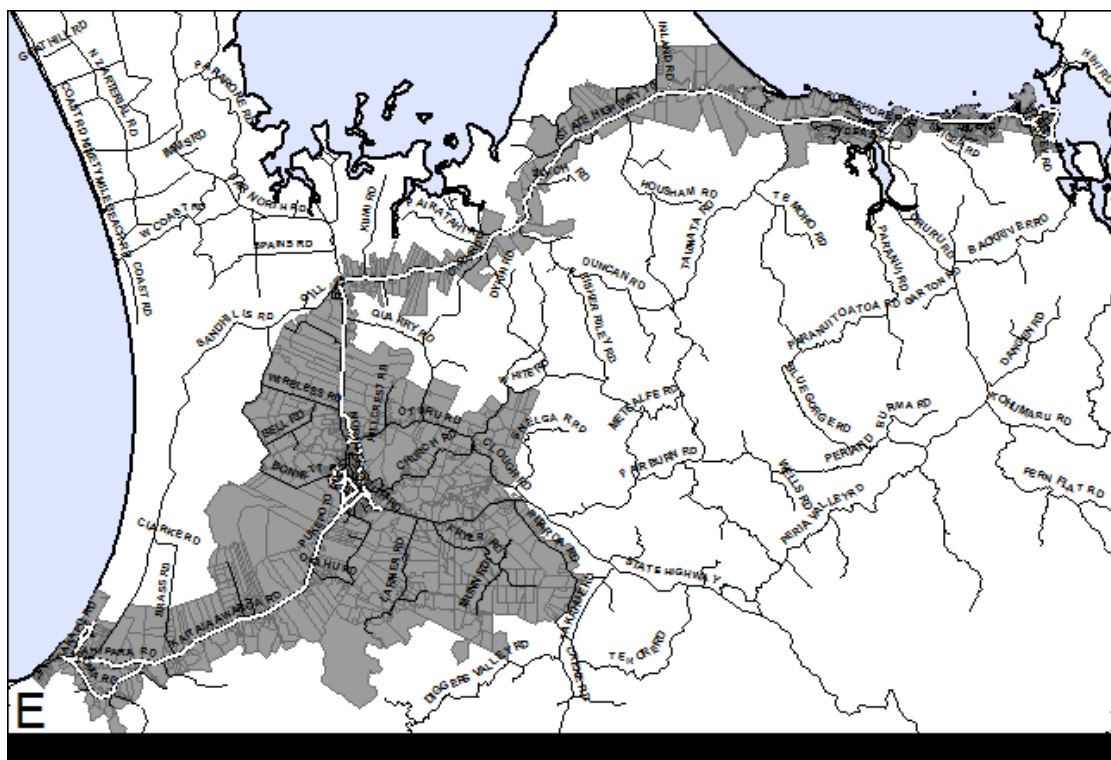
8. **Targeted Whāngārei Transport Rate**

A targeted rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each separately used or inhabited part of a rating unit in the Whāngārei District. The rate is set as follows:

	<u>Including GST</u>
Whāngārei District	\$12.78 per SUIP

9. **Targeted Kaitāia Transport Rate**

A targeted rate as authorised by sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each separately used or inhabited part of a rating unit located near the Kaitāia bus route. These rating units are identified in the map below:



The rate is set as follows:

Far North District (Kaitiāia only)

**Including GST**  
\$15.62 per SUIP

## 10. Targeted Awanui River Flood Management Rate

A targeted rate set under sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002, assessed and set differentially by location and area of benefit as defined in the Awanui River Flood Management Plan, are as follows:

### Including GST

- | a) | Urban rate class UA (floodplain location) \$128.11 direct benefit plus \$12.81 indirect benefit, total per each separately used or inhabited part of a rating unit:  |  | \$140.92 |
|----|--|--|----------|
| b) | Urban rate classes UF (higher ground) \$12.81 direct benefit plus \$12.81 indirect benefit, total per each separately used or inhabited part of a rating unit:   |  | \$25.62  |
| c) | Commercial differential factor:  |  | 3.0      |
| d) | Rural rate differentiated by class, \$7.88 per each separately used or inhabited part of a rating unit of indirect benefit <b>plus</b> a rate per hectare for each of the following classes of land in the defined Kaitiāia flood rating district as stated in the Awanui River Asset Management Plan: |  | \$7.88   |

<b>Class</b>	<b>Description</b>	<b><u>Rate per Ha Including GST</u></b>
A1/A2	Maximum benefit; peat basins, low-lying reclaimed tidal areas and alluvial land at risk from frequent ponding and flooding:	\$16.24
B1/B2	High benefit land subject to floodwater flows but not ponding as floods recede:	\$12.18
C	Moderate benefit; land floods less frequently and water clears quickly:	\$8.12
E	Land in flood ways and ponding areas that receive no benefit and land in native bush that performs watershed protection function:	Nil
F	Contributes runoff waters and increases the need for flood protection:	\$0.65

**11. Targeted Kaihu River Flood Management Rate**

A targeted rate set under sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002, and set differentially by location and area of benefit and defined in the Kaihu River Management Plan are as follows:

	<b><u>Including GST</u></b>
a) Class A - per hectare of land on the floodplain and side valleys downstream of Rotu Bottleneck:	\$25.62
b) Class B - per hectare of land on floodplain and tributary side valleys between Ahikiwi and Rotu Bottleneck:	\$12.81
c) Catchment Rate –per hectare of land within the Kaihu River rating area:	\$1.92
d) Urban Contribution – annual contribution from the Kaipara District Council instead of a separate rate per property:	\$5,694.00 pa

**12. Targeted Kaeo-Whangaroa Rivers Flood Management Rate**

A targeted rate set under sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002, set on a uniform basis in respect of each separately used or inhabited part of a rating unit falling within the former Whangaroa Ward (falling between rating rolls 100-199), as follows:

	<b><u>Including GST</u></b>
Former Whangaroa Ward	\$74.53



13. **Targeted Whāngārei Urban Rivers Management Rate**

A targeted rate set under sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002, differentiated by location (see maps below) and category and set as a fixed amount per each separately used or inhabited part of a rating unit.

Whāngārei CBD flood area:



Contributing water catchments in Whāngārei Urban Rivers Management scheme:



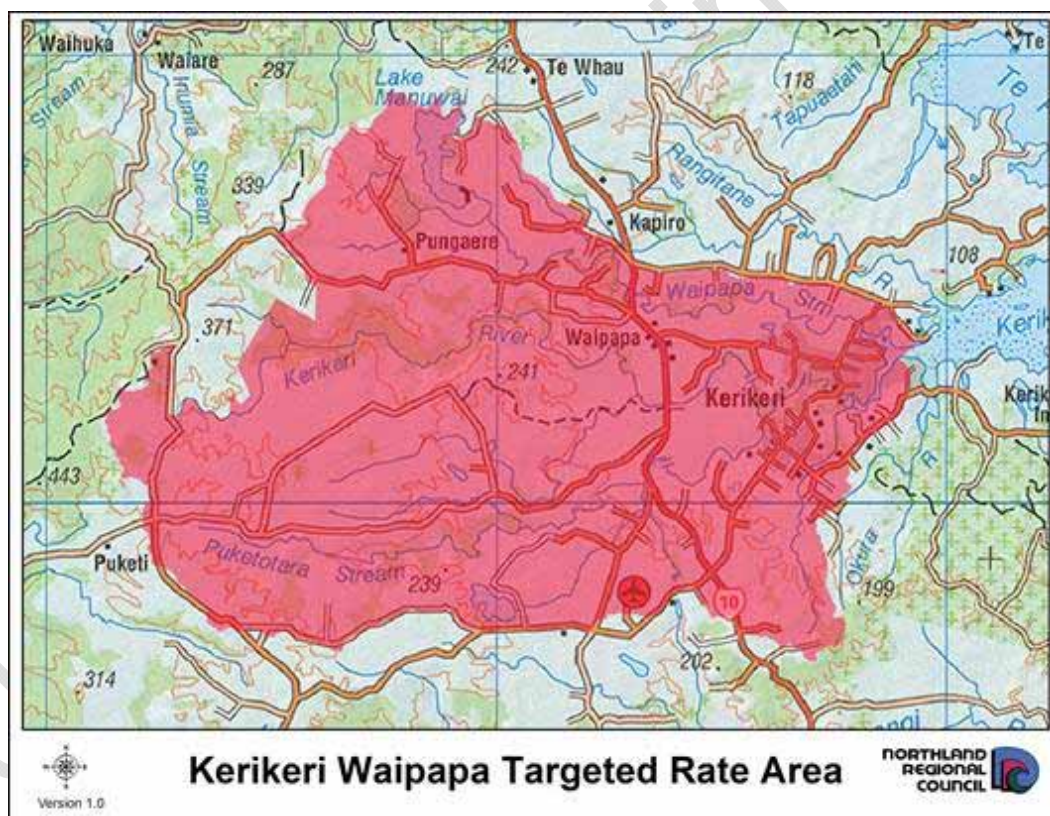


The rate is set as follows:

- |   | <u><b>Including GST</b></u> |
|---|-----------------------------|
| a) Commercial properties located in the Whāngārei CBD flood area:   | \$274.37 per SUIP           |
| b) Residential properties located in the Whāngārei CBD flood area:  | \$104.28 per SUIP           |
| c) All properties located in the contributing water catchment area (includes all those properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea River catchments): | \$36.77 per SUIP            |

**14. Targeted Kerikeri-Waipapa Rivers Management Rate**

A targeted rate set under sections 16 to 18 and Schedules 2 and 3 of the Local Government (Rating) Act 2002, set on a uniform basis in respect of each separately used or inhabited part of a rating unit for properties identified in the map below as contributing catchments within the Kerikeri-Waipapa area.



The rate is set as follows:

- |                                   | <u><b>Including GST</b></u> |
|-----------------------------------|-----------------------------|
| Kerikeri – Waipapa catchment area | \$49.96 per SUIP            |

15. **Rating powers delegated to constituent local authorities**

The Far North District Council, the Kaipara District Council and the Whāngārei District Council are hereby delegated powers to discount, remit and add penalties to the regional rates resolved herein, as described in resolution 16, and to act as the authorised agent of the Northland Regional Council for approving rates relief under the separate policies included in the Northland Regional Council Rating Policies adopted for the year commencing 1 July 2013.

16. **Payment dates for rates, discount and additional charges**

The dates and methods for the payment of instalments of rates and any discount and/or penalties applied to the regional rates shall be the same as resolved by the Far North District Council, the Kaipara District Council and the Whāngārei District Council and shall apply within those constituencies of the Northland region. Penalty rates are GST exclusive.

The Northland Regional Council resolves to set the following additional penalties on unpaid rates from previous years:

An additional charge of ten per cent (10%) will be applied to any rates for ratepayers in the Whāngārei District Council constituency on 2 September 2013 for rates assessed in previous rating years and remaining unpaid as at 1 July 2013. An additional penalty of 10% will be applied to each instalment or part thereof which remains unpaid after the due date for payment.

An additional charge of ten per cent (10%) will be applied to all Far North District Council constituency rates for previous rating years remaining unpaid on 1 September 2013 and a further charge of ten per cent (10%) will be applied to rates remaining unpaid as at 1 March 2014. An additional penalty of 10% will be added to each instalment or part thereof for the current year which remains unpaid after the due date for payment.

An additional charge of ten per cent (10%) may be applied to all Kaipara District Council constituency rates for the previous rating year remaining unpaid after 1 July 2013 and a further charge of ten per cent (10%) may be applied to rates remaining unpaid as at 1 January 2014. An additional penalty of 10% may be added to each instalment or part thereof for the current year which remains unpaid after the due date for payment.

Pursuant to section 53 of the Local Government (Rating) Act 2002, the regional rates are collected by the territorial authority for the district in which the land is situated. The territorial authorities whose districts are in the district of the Northland Regional Council are the Far North District Council, the Kaipara District Council and the Whāngārei District Council.

**Carried**



**Northland Inc. Directors – Terms of Rotation (Item 8.3)****ID: A545224****Report from Chief Executive Officer Malcolm Nicolson.****Moved (Walker/Rossiter)**

1. That the report “Northland Inc. Directors – Terms and Rotation” by Malcolm Nicolson, Chief Executive Officer, dated 7 June 2013, be received.
2. That the council adopt as policy that directors of Northland Inc. Limited should generally have terms of three years with an expectation of one reappointment for a further term of three years; subject to council being satisfied with their performance then and at all times.
3. That as a general rule, subject to paragraph 4, no director may hold office for more than a total of six years whether or not consecutively. However, council retains the discretion to extend a director’s term to nine years.
4. That it may be appropriate to vary the policy in exceptional circumstances where directors have vacated office otherwise than in accordance with their anticipated rotation; but such situations are anticipated to be rare and will be addressed when they arise.
5. That it is undesirable to change all directors at once and therefore a variation to the policy in paragraphs 2 and 3 is needed to establish an initial rotation.
6. That the Chief Executive Officer gives effect to the decision in paragraph 5:
  - (a) by identifying a schedule of initial terms for the current directors to establish the required rotation;
  - (b) by giving written notice to Northland Inc. Limited in accordance with clause 18(a) of its Constitution of the schedule; and
  - (c) by giving notice to each director of the schedule.

**Carried**

## **Remit Proposal – Local Government New Zealand Annual General Meeting July 2013 (Item 8.4)**

**ID: A541864**

**Report from Council Secretary Chris Taylor.**

### **Moved (Ramsey/Brown)**

1. That the report “Remit Proposal – Local Government New Zealand Annual General Meeting July 2013” by Chris Taylor, Council Secretary, dated 23 May 2013, be received.
2. That Northland Regional Council send a letter to the Wellington City Council confirming Northland Regional Council’s support for the policy remit on local government’s place in the New Zealand Constitution.
3. That the Northland Regional Council authorises its delegates at the Local Government New Zealand Annual General Meeting (Chairman Brown, the Chief Executive Officer and Councillors Bain and Hunt) to vote in favour of the policy remit on council’s behalf.

### **Carried**

#### **Matters arising from Item 8.4:**

Council Carr deemed it inappropriate for New Zealand to adopt a written constitution.

## **Solar Photovoltaic Array to Save Electricity Costs (Item 8.5)**

**ID: A544534**

**Report from Rivers Programme Manager Joseph Camuso.**

Councillor Walker declared a conflict of interest.

### **Moved (Carr/Brown)**

1. That the report “Solar Photovoltaic Array to Save Electricity Costs” from the Rivers Programme Manager, Joseph Camuso, dated 19 May 2013, be received.
2. That following the completion of seismic investigations into the NRC Water Street building further detail be provided to council regarding the potential investment in a solar photovoltaic array.

### **Carried**

**Ballance Farm Environment Awards - Update (Item 8.6)****ID: A541556****Report from Land Programme Manager Dean Evans.****Moved (Carr/Rossiter)**

1. That the report "Ballance Farm Environment Awards – Update" by Dean Evans, Land Programme Manager, dated 23 May 2013, be received.
2. That the Northland Regional Council continues to be the regional sponsor of the Ballance Farm Environment Awards, to be reviewed annually.

**Carried****Elected Members' Amendments to the Current Allowances and Expenses Policy and Opportunity to Make Submissions on Elected Members' Remuneration from Elections 2013 (Item 8.7)****ID: A545360****Report from General Manager – Finance and IT Lisa Aubrey.****Moved (Rossiter/Bain)**

1. That the report "Elected Members Amendments to the Current Allowances and Expenses Policy and Opportunity to Make Submissions on Elected Members' Remuneration from Elections 2013" by Lisa Aubrey, General Manager - Finance and IT, dated 7 June 2013, be received.
2. That approval of the Remuneration Authority be sought for changes made to 5(1)(d), 5(5)(a) and (b), 5(6)(b), 5(7), 6(3), 8(1) and 8(2) of the Elected Members' Allowances and Expenses Policy (as detailed in the report).
3. That as agreed in principle at a workshop on 11 June 2013 the higher duties allowance of \$79,050 be fully allocated as follows:
  - a) That the Deputy Chair receive 40% (\$21,080) of the higher duties allowance, bringing the Deputy Chair total salary to \$73,780;
  - b) That council appoint the following or similar committee chair, portfolio leader roles; Audit and Finance Chair, Environmental Management Committee Chair, Regional Transport Committee Chair, Policy and Strategy Committee Chair, River Catchment Portfolio Leader, Harbour Catchment Management (Kaipara and Whāngārei) Portfolio Leader and Economic Development and CCO Portfolio Leader and each of these positions receive a higher duties allowance of \$8,218.43 each.
  - c) It is estimated the Deputy Chair spends on average an additional 10 hours' work per week and the Committee Chairs and Portfolio Leaders spend on average an additional five hours per week performing these roles.
4. That staff submit the higher duties allocation set out above to the Remuneration Authority for approval by no later than 19 July 2013.

**Carried****Councillor Ramsey voted against the motion.**

**Elections – Early Processing of Voting Papers (Item 8.8)****ID: A545210****Report from Policy Advisor Vibeke Wright.****Moved (Bain/Ramsey)**

1. That the report “Elections – Early Processing of Voting Papers” by Vibeke Wright, Policy Advisor, dated 7 June 2013, be received.
2. That council adopts the early processing of returned voting documents for the 2013 Northland Regional Council triennial elections, as permitted under section 79 of the Local Electoral Act 2001.

**Carried****Northland Inc. 2013/14 Quarter 1 Funding  
(Supplementary Item 8.9)****ID: A546500****Report from Chief Executive Officer Malcolm Nicolson.****Moved (Ramsey/Walker)**

1. That the report “Northland Inc. 2013/14 Quarter 1 Funding” by Malcolm Nicolson, Chief Executive Officer, dated 17 June 2013, be received.
2. That council pay \$250,000 to Northland Inc. from the Northland Regional Council Investment and Growth Reserve for Quarter 1 operations.
3. That council pay \$25,000 (+ GST if any) to Northland Inc. against an invoice raised from rates revenue.

**Carried**

## Business with the Public Excluded (Item 9.0)

ID: A546026

Report from Council Secretary Chris Taylor.

### Moved (Ramsey/Walker)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters 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
9.1.1	Confidential Minutes of the Council Meeting - 21 May 2013	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.
9.1.2	Confidential Minutes of the Audit and Finance Committee Meeting – 28 May 2013	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.
9.2	Proposed Acquisition of Rail Corridor	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations (section 7(2)(i)).
9.3	Kotuku Detention Dam Update	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations (section 7(2)(i)).
9.4 (tabled)	152 Cameron Street – Cancellation of Lease	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry out, without prejudice or disadvantage, commercial activities (section 7(2)(h)).

**Carried**

## CONCLUSION

The meeting concluded at 4.42 pm.



**ISSUE: Regional Transport Committee Minutes – 5 June 2013****ID:** A549551**To:** Council Meeting, 11 July 2013**From:** Chris Taylor, Council Secretary**Date:** 28 June 2013

**Summary** The purpose of this report is to receive the minutes of the Regional Transport Committee meeting held on 5 June 2013. It concludes with the recommendation that the minutes be received.

<b>Report Type:</b>	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision
<b>Purpose:</b>	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input checked="" type="checkbox"/>	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other
<b>Significance:</b>	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

**Report:**

The minutes are **attached**.

**Legal compliance:**

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

**Recommendation:**


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That the minutes of the Regional Transport Committee meeting held on 5 June 2013 be received.

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## **NORTHLAND REGIONAL COUNCIL REGIONAL TRANSPORT COMMITTEE**

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Minutes of the meeting held in the Council Chamber,  
36 Water Street, Whāngārei, on Wednesday 5 June 2013  
commencing at 10.00 am

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### **Present:**

#### **Northland Regional Council**

Cr J Bain, Chairman

Cr J Carr

Cr C Brown (from 10.24 am)

#### **Whāngārei District Council**

Mr G Martin

#### **Kaipara District Council**

Mr P Winder

#### **NZ Transport Agency**

Mr S Town

#### **Economic Development**

Mr K Rintoul

#### **Access and Mobility**

Mr H Mountain

#### **Cultural Interests**

Mr R Wright (from 10.07 am)

### **In Attendance:**

#### **Full Meeting**

NRC CEO – Malcolm Nicolson

NRC Growth and Infrastructure Manager – Vaughan Cooper

NRC Transport Operations SPM – Chris Powell

Transport Projects Officer – Ian Crayton-Brown

Council Secretary – Chris Taylor

The Chairman declared the meeting open at 10.02 am.

### **Apologies (Item 1.0)**

#### **Moved (Martin/Rintoul)**

That the apologies from Mr S Westgate and Mr S McNally 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 – 3 April 2013 (Item 3.1)**

**ID: A537464**

**Report from Council Secretary Chris Taylor.**

### **Moved (Carr/Rintoul)**

That the minutes of the committee meeting held on 3 April 2013 be confirmed as a true and correct record.

### **Carried**

#### **Matters arising from Item 3.1:**

Northland Regional Council (NRC) Growth and Infrastructure Manager, Vaughan Cooper, undertook to follow up the request that the Far North District Council (FNDC) forward the detail on FNDC budgets available to cover the emergency repairs resulting from the August and September 2012 events.

## **High Performance Motor Vehicles (Item 4.1)**

**ID: A541831**

**Report from Growth and Infrastructure Manager Vaughan Cooper.**

#### **Matters arising from Item 4.1**

A presentation was provided by New Zealand Transport Agency (NZTA) National Development Manager, David Silvester, regarding improving freight efficiency and reducing the cost of trade through partnerships, “good intelligence”, smarter regulation and improving high performance motor vehicle (HPMV) access. The presentation covered the following key points:

- NZTA HPMV work streams
- High use freight routes
- Proposed routes for Northland investment
- The proposed introduction of 50MAX HMPV
- How the Regional Transport Committee could assist with the project.

Concern was raised with regard to the number of bridges within the Far North district which would be put under stress by high performance motor vehicles.

It was agreed that the representatives from each of the districts would need to give consideration as to how the proposal would affect their specific network and report back to the Regional Transport Committee (RTC).

## **Northland Regional Land Transport Programme 2012-2015 – Funding Uptake (Item 5.1)**

**ID: A537450**

**Report from Transport Operations Senior Programme Manager Chris Powell.**

**Moved (Bain/Winder)**

That the report, “Northland Regional Land Transport Programme 2012-2015 – Funding Uptake”, by Chris Powell, Transport Operations Senior Programme Manager, dated 19 May 2013, be received.

**Carried**

## **Regional Road Safety Update (Item 5.2)**

**ID: A542244**

**Report from Transport Projects Officer Ian Crayton-Brown.**

**Moved (Carr/Martin)**

That the report “Regional Road Safety Update” by Ian Crayton-Brown, Transport Projects Officer, dated 21 May 2013, be received.

**Carried**

## **Progress of the Land Transport Management Act Amendments (Item 5.3)**

**ID: A541850**

**Report from Growth and Infrastructure Manager Vaughan Cooper.**

### **Matters arising from Item 5.3:**

NRC Growth and Infrastructure Manager, Vaughan Cooper, confirmed the Amendment Bill underwent its third and final reading the day prior and undertook to advise the committee when the different requirements would take effect. A paper would be tabled at the August RTC meeting detailing the options available for the committee to give effect to these changes.

## **Dust Related Problems on Unsealed Roads of Northland - Update (Item 6.1)**

**ID: A537184**

**Report from Transport Operations Senior Programme Manager Chris Powell.**

### **Moved (Martin/Wright)**

1. That the report "Dust Related Problems on Unsealed Roads of Northland – Update" by Chris Powell, Transport Operations Senior Programme Manager, dated 24 May 2013, be received.
2. That the Regional Transport Committee approve the proposed structure and content of the Draft Regional Dust Mitigation Strategy.
3. That the Regional Transport Committee approve that NORTEG compile the Draft Regional Dust Mitigation Strategy and the Northland District Health Board be invited to provide input into this process.
4. That a progress report be tabled at the next Regional Transport Committee meeting.

### **Carried**

**(Mr P Winder voted against the motion)**

### **Matters arising from Item 6.1:**

Councillor Carr stressed that the problem must be addressed using a technical approach and that the solution must be sustainable.

Mr P Winder emphasised the lack of national funding assistance for road maintenance or seal extensions and that dust was only one of the roading related issues that should be brought to the attention of central government. Therefore the response to dust on unsealed roads must be proportionate to the problem; and the priority of which must be considered respective to all of Northland's priorities.

The meeting concluded at 11.18 am.

**ISSUE: Proposed Change to Community Investment Fund Statement of Investment Policies and Objectives**

**ID:** A549874

**To:** Council Meeting, 11 July 2013

**From:** Lisa Aubrey, General Manager - Finance and IT

**Date:** 27 June 2013

**Summary** The purpose of this report is to propose an amendment to the CIF SIPO to enable up to \$2 million or 30% of the defensive assets to be invested in the Harbour Short Duration Fund. It concludes with the recommendation that:

1. The report be received; and
2. The investment strategy set out in section 7.2 to the SIPO be amended to allow up to \$2 million or 20% of the fixed interest portfolio be invested in the Harbour Asset Management Fund.
3. That the CEO and General Manager – Finance and IT be authorised to hedge or not hedge the investment in the Schroder's Real Return Fund.

<b>Report Type:</b>	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision
<b>Purpose:</b>	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input checked="" type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other
<b>Significance:</b>	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

**Background:**

The Community Investment Fund Policy and Objectives (CIF – SIPO) was originally approved by council at the October 2012 meeting and with council approval has undergone a number of amendments since, with the last amendment approved at the June 2013 council meeting.

**Proposed change to the Community Investment Fund – Statement of Investment Policies and Objectives:**

The June amendment allowed \$2 million or 30% of the defensive assets (fixed interest portfolio) be invested in the Milford Income Fund.

It is now proposed a further amendment be made to allow up to \$2 million or 20% of the defensive assets be invested with Harbour Asset Management.

The Harbour Asset Management Short Duration Fund has a target of outperforming the 90 day bank bill index by 85 bps. Since the fund's inception in April 2012 they have achieved an average return per annum of 4.1% which is 1.42% greater than the 90 day bank bill rate. Advice provided by council's independent Investment Advisor is the subject of Confidential item 9.5 on the agenda.

A copy of the marked up amended CIF SIPO is **attached** as **Attachment 1**.

**Hedging of the Schroder's Investment**

At the time the recommendation was first made for council to invest in the Schroder's Real Return Fund, Eriksen and Associates Limited recommended not hedging the

**ITEM: 7.1**

Page 2 of 2

Australian dollar exposure at that time. It was noted at that time the Australian CPI forecasts were identical to New Zealand's over the medium term.

Following the slowdown in the Australian economy and the reductions made by the Reserve Bank Australia to the cash rate, at the February 2013 council meeting, council approved amending clause 5.3 of the SIPO to allow council to hedge its investment to remove the risk of council losing investment gains resulting from foreign currency movements. Clause 5.3 of the SIP is as follows:

- 5.3 Where council invests in funds managed offshore in a foreign currency, on the recommendation of council's Independent Investment Advisor, council may hedge its foreign investments back into New Zealand dollars.*

The current hedge expires on 9 August 2013. The SIPO provides direction for the hedge to be applied. It is proposed that advice be sought from Eriksen and Associates closer to the expiration of the current hedge. If the advice is to not apply a new hedge, that the CEO and General Manager - Finance and IT be fully authorised to follow this advice without needing further council approval. Council will be informed in the quarterly updates as to whether a hedge is in place at any time for the Schroder's Investments. Comments from Eriksen and Associates on hedging of Schroder's Real Return Fund are **attached** as **Attachment 2**.

**Legal compliance and significance assessment:**

The activities detailed in this report are in accordance with council's Treasury Management Policy and the 2012-2022 Long Term Plan both of which were approved in accordance with council's decision making requirements of sections 76-82 of the Local Government Act 2002.

**Recommendations:**

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1. That the report Proposed Change to Community Investment Fund Statement of Investment Policies and Objectives by Lisa Aubrey, General Manager - Finance and IT, dated 27 June 2013, be received.
  2. That the appointment of investment managers set out in section **7.2** and appendices **B** Investment Managers and Advisors and **C** Manager Mandates, to the SIPO be amended to allow \$2 million or 20% of the fixed interest portfolio be invested in the Harbour Asset Management Short. The proposed changes to the SIPO are shown as track changes in the CIF – SIPO attached as appendix **A** to this report.
  3. That the CEO and General Manager - Finance and IT be authorised to follow advice from Eriksen and Associates on the hedging or not hedging of the amount invested in the Schroder's Real Return Fund.
-



## ***Northland Regional Council Community Investment Fund***

# **Statement of Investment Policy and Objectives**

Adopted by the Council

On: 18 June 2013

Signed: \_\_\_\_\_

\_\_\_\_\_

June 2013

### STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

This statement summarises the Council's policies in respect of the investments of the Fund. Council intends to review this SIPO annually and update, as appropriate, the policies to reflect the changing investment markets and Fund requirements.

### AMENDMENTS:

Date change made:	Clause number:	Date approved:
21 February 2013	5.3 inserted	19 February 2013 Council Meeting
18 June 2013	7.2, Appendix B and Appendix C amended to enable 20% of the Fund in NZ Fixed Interest to be managed externally by Milford Asset Management. Appendix B and C have been updated to reflect this change.	18 June 2013 Council meeting
<u>28 June 2013</u>	<u>7.2, Appendix B and Appendix C amended to enable 20% of the Fund in NZ Fixed Interest to be managed externally by Harbour Asset Management. Appendix B and C have been updated to reflect this change.</u>	<u>11 July 2013</u>



The statement is set out as follows:

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## 2. EXECUTIVE SUMMARY

- The primary goal of the Northland Regional Council Community Investment Fund “the Fund” is to promote business development in Northland. This targets a reasonable return to produce an income and maintain the real value of the Fund after inflation.
- The current asset mix of the portfolio is set at 60% defensive / 40% growth but over the long term when investment markets stabilise a 50/50 mix may be more appropriate.
- The Fund is to be managed by three managers, each with a different mandate. The benchmark mix for the overall Fund is:

Asset Class	Benchmark %
NZ Fixed Interest	50
Cash	10
<b>Income Assets</b>	<b>60</b>
Australasian Equities	20
Global Equities	20
<b>Growth Assets</b>	<b>40</b>
<b>TOTAL ASSETS</b>	<b>100</b>

- The income assets are to be managed partly by the in-house team in accordance with the mandate specified in this SIPO and partly by an external investment manager.
- Two separate investment managers with complementary investment styles will be appointed to manage the growth assets. At this stage of the economic cycle both managers should have an absolute return style which seeks to preserve capital.

### 3. INTRODUCTION

#### 3.1 Background

The Fund arose out of the sale of Port Company shares in 1992. It was established in March 1996. The objective of the Fund is to promote business development in Northland.

#### 3.2 Current assets

The assets of the Fund as at June 2012 were \$9.7 million. The nature of the Fund's current investments places no restrictions on the investment policies.

#### 3.3 Taxation

Council is exempt from tax except to the extent that it derives income from Council Controlled Trading Organisations (CCTO).

Council, where possible and desirable, will invest:

- Other than in CCTO's; and
- In investments that provide gains and income that are not taxed prior to being received by Council. Thus compared to a taxed entity, Council will prefer:
  - Investments yielding interest (over those paying dividends); and
  - Investments in growth stocks/low dividend yield stocks (over other/high dividend yield stocks);

The balance date of the Fund is 30 June.

#### 3.4 Distribution policy

- Council may, but does not have to, make distributions from the Fund to meet the objectives of the Fund.
- The real value of the Fund must be retained.
- Distributions may only be made from excess returns over inflation. These will be paid to Council's Income and Growth Fund (IGF).
- No distributions from capital are permitted.

### 3.5 Primary Objectives

The primary objectives underlying the investment policy for the Fund are:

- to ensure that the Fund is invested prudently;
- to ensure that the Fund is diversified in its investments;
- to ensure that money is available for distribution, as required, to fund approved projects;
- to produce investment income for project funding purposes;
- to maintain the real value of the Fund.



#### 4. PERFORMANCE OBJECTIVES

##### 4.1 Return requirements

The Fund is to achieve a real return, of 4% per annum (assuming inflation of 2.5%) after tax (if any) and investment expenses, over the long term which is generally considered at least 3 to 5 years.

##### 4.2 Risk profile

This investment strategy will be set to achieve the above objective and to limit the risk of a negative return in any one year to less than one in five.

## 5. INVESTMENT STRATEGY

- 5.1 Given the objectives, the assets of the Fund will be invested based on the following benchmark allocation.

Asset Class	Benchmark %	Ranges
NZ Fixed Interest	50	20-80
Cash	10	5-50
<b>Income Assets</b>	<b>60</b>	40-80
Australasian Equities	20	10-30
Global Equities	20	10-30
<b>Growth Assets</b>	<b>40</b>	20-60
<b>TOTAL ASSETS</b>	<b>100</b>	

- 5.2 Offshore investment sectors will be hedged at the investment manager's discretion.
- 5.3 Where council invests in funds managed offshore in a foreign currency, on the recommendation of council's Independent Investment Advisory, council may hedge its foreign investments back into New Zealand dollars.

## 6. INVESTMENT GUIDELINES AND REQUIREMENTS

- 6.1 Council accepts their fiduciary duties and the requirements of the Prudent Person provisions of the Trustee Act 1956. Council believes that the appointed manager(s) has the expertise, governance structures and capacity to apply the appropriate risk management techniques to carry out their duties under the investment management agreements(s).
- 6.2 Council therefore places no specific constraints on the investment manager with respect to investment guidelines.
- 6.3 **General**
- All investments must be prudent investments and shall be made in accordance with the requirements of the applicable legislation.
  - Council prefers not to borrow but accept that this constraint may not apply to their investment manager(s)
  - No investment manager appointed by Council may:
    - (i) hold, without prior disclosure to Council, any investment in its own company, its parent or any subsidiary and must disclose any investment in associated companies;
    - (ii) delegate to another investment manager on terms other than in accordance with these guidelines.
  - Futures and options may be used by the investment manager, at its discretion, for the prudential investment management of the Fund provided that such investments are not used for gearing purposes.

## 7. INVESTMENT ADVISORS AND MANAGERS

### 7.1 Appointment of an independent investment advisor

An independent investment advisor will be appointed to evaluate the performance of the investment managers (including in-house management of the income assets), and to provide strategic research and market information. The role and accountabilities of the investment advisor are set out in section 8. The appointed advisor is recorded in Appendix B.

Council may change the independent investment advisor from time to time if they so decide.

### 7.2 Appointment of investment managers

Council will manage the cash and part of the fixed interest portion of the fund in-house, with assistance from council's investment advisor. Part of the fixed interest portion will be invested by ~~an~~ external professional investment managers. Council believes that external professional investment managers should be appointed to manage the growth portion of the Fund. The appointed Investment managers are recorded in Appendix B.

When an investment manager is appointed, a mandate will document the requirements of the manager in terms of performance evaluation, reporting and the investment guidelines and requirements within the guidelines of the Fund as a whole.

Council may change investment manager(s) from time-to-time as they see fit at their sole discretion giving consideration of their performance and the changes to the manager's organisation, investment team and process.

### 7.3 Investment manager performance evaluation

Each investment manager's performance will be monitored and formally evaluated annually against: such other objectives set out in Section 4 and such other measures as agreed between Council and the investment manager(s) from time-to-time.

### 7.4 Investment manager reporting

Each investment manager will be required to prepare and submit written and verbal reports as follows:

- (a) the reporting requirements as set out in the manager's mandate as appropriate; and
- (b) as requested by Council
  - recommendations on the manager's mandate;
  - such other information that is required by Council in their day-to-day activities which it is reasonable to ask the manager to provide.



## 8. INDEPENDENT INVESTMENT ADVISOR'S RESPONSIBILITIES AND ACCOUNTABILITIES

- 8.1 The appointed independent investment advisor, in terms of clause 7.1, shall be responsible to Council and accountable for:
- providing a regular forward looking commentary on the global economy and investment markets;
  - monitoring the investment managers' performances;
  - proactively advising Council on market changes including legislation developments and trends.
  - ensuring that an investment manager manages the assets of the Fund under its care in terms of its mandate;

### 8.2 REPORTS

In terms of its responsibilities the independent investment advisor is expected to provide quarterly independent reports as requested, by Council covering:

- the Fund's performance and analysis of the performance measured against such comparators as the investment advisor feels appropriate given the objectives of Council.
- "market intelligence" in terms of changes to the manager that may have an impact on the quality of the future performance.
- An assessment of the impact of unexpected events that have occurred.

With a view, in each case, to identifying the potential for:

- an unacceptable risk occurring;
- poor future performance.

**APPENDIX A – TEMPORARY DEPARTURES FROM THIS STATEMENT**

Council recognise that from time to time circumstances will occur which require a departure from the guidelines set out in this statement. Any such departure requires the prior approval of Council.

**APPENDIX B – INVESTMENT MANAGERS AND ADVISORS****Investment Managers**

## Income Assets

- Partly in-house council staff with assistance from council investment advisor and partly:
  - NZ Fixed Interest - Milford Asset Management
  - NZ Fixed Interest – Harbour Asset Management

## Growth Assets

- Australasian Equities – Milford Asset Management
- Global Equities – Schroders Real Return Fund

**Independent Investment Advisor**

Eriksen & Associates Ltd

## APPENDIX C – MANAGER MANDATES

### Cash and Fixed Interest

The cash and approximately 20% of the Fund in New Zealand fixed interest (income assets) shall be managed by the in-house financial team as a separate exercise from their normal duties in accordance with this SIPO.

The primary objectives for the in-house financial team will be to achieve:

- a positive return without exposing the Fund to a significant risk of loss of capital. This will be achieved by restricting the Approved Financial Instruments to those listed in the Treasury policy under 5.1.2 thereof (see below).
- a real rate of return (in excess of inflation).

The main objective of the Fund, namely promoting business within the Northland region will be a supplementary objective of the in-house team.

The interest rate risk will be managed by allowing the full ranges between cash and fixed interest to be utilized as appropriate.

Bond holdings are to be diversified by maturity date and nature of issuer.

No more than 20% of this portion of the Fund can be invested with one issuer except for NZ Government Stock for which there is no upper limit.

Bond investments are restricted to investment grade (S&P rated BBB or equivalent) or better and must be senior secured.

Borrowing may only be used for liquidity purposes.

Approximately ~~23~~20% of the Fund in New Zealand fixed interest is to be invested by Milford Asset Management in the Income Fund. Their target return is to exceed the 90 day Bank Bill Index after fees (broadly 5% - 8% p.a.).

Approximately 20% of the Fund in New Zealand fixed interest is to be invested by Harbour Asset Management in the Short Duration Fund. Their target return is to exceed the 90 day Bank Bill Index after fees and tax by 85bps.

### Australasian Equities

Milford Asset Management are to invest a portion of the Fund in the Active Grown Fund. Their targeted outperformance is 3% above the NZX50 index over rolling 3 year periods.

### Global Equities

Schroders are to invest a portion of the Fund in the Real Return Fund. Their targeted outperformance is to exceed the return of Australian CPI (trimmed mean) by 5% per annum over rolling 3 year periods.

### Clause 5.1.2 of Treasury Policy - Approved Financial Instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council.

Approved interest rate instruments are as follow:

Category	Instrument
Cash management and borrowing	<ul style="list-style-type: none"> <li>• Bank overdraft.</li> <li>• Committed cash advance and bank accepted bill facilities (short term and long term loan facilities).</li> <li>• Uncommitted money market facilities.</li> <li>• LGFA borrower notes/CP/bill/bonds/Floating rate Note (FRNs).</li> <li>• Wholesale Bond and FRN issues.</li> <li>• Commercial Paper (CP).</li> <li>• NZD denominated Private Placements.</li> <li>• Retail Bond and FRN Issues.</li> </ul>
Investments	<ul style="list-style-type: none"> <li>• Short term bank deposits.</li> <li>• Bank bills.</li> <li>• Bank certificates of deposit (CD's).</li> <li>• Treasury bills.</li> <li>• LGFA borrower notes/CP/bill/bonds/FRNs.</li> <li>• Local Authority stock or State Owned Enterprise (SOE) bonds and FRNs (senior).</li> <li>• Corporate bonds (senior).</li> <li>• Floating Rate Notes (senior).</li> <li>• Promissory notes/Commercial paper (senior).</li> </ul>
Interest rate risk management	<ul style="list-style-type: none"> <li>• Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> <li>- Bank Bills</li> <li>- Government bonds.</li> </ul> </li> <li>• Interest rate swaps including: <ul style="list-style-type: none"> <li>- Forward start swaps (start date &lt;24 months).</li> <li>- Amortising swaps (whereby notional principal amount reduces).</li> <li>- Swap extensions and shortenings.</li> </ul> </li> <li>• Interest rate options on: <ul style="list-style-type: none"> <li>- Bank bills (purchased caps and one for one collars).</li> <li>- Government bonds.</li> <li>- Interest rate swaptions (purchased only).</li> </ul> </li> </ul>

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. All investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- Structured debt where issuing entities are not a primary borrower/issuer.
- Sub-ordinated debt, Junior debt, Perpetual Notes and Hybrid Notes such as convertibles.



# ERIKSEN & ASSOCIATES LTD

## Actuaries & Investment Strategists

20 June 2013

Ms Lisa Aubrey  
General Manager Finance & IT  
Northern Regional Council  
Private Bag 9021  
Whangarei Mail Centre  
WHANGAREI 0148

Dear Lisa

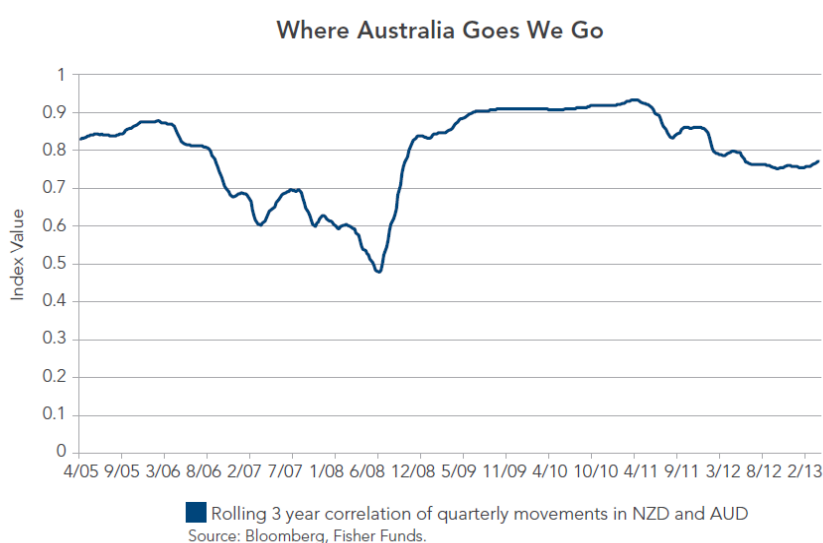
### Community Investment Fund

As requested there are a number of issues raised during our recent conference call to report on.

### Hedging of Schrodgers Real Return Fund

When the CIF made its initial investment in the Schrodgers Real Return Fund the New Zealand dollar was tracking near the bottom of its range to the AUD. Hence our recommendation to hedge the currency. Many economic commentators expect the NZD to rise somewhat against the Australian including US. This has already happened to some extent reaching 0.84 currently.

Both countries have commodity based exports, floating currencies, relatively stable infrastructure and are stable politically. Their currencies are very closely correlated at about 0.9 as a result. This is shown in the following graph from Fisher Funds.



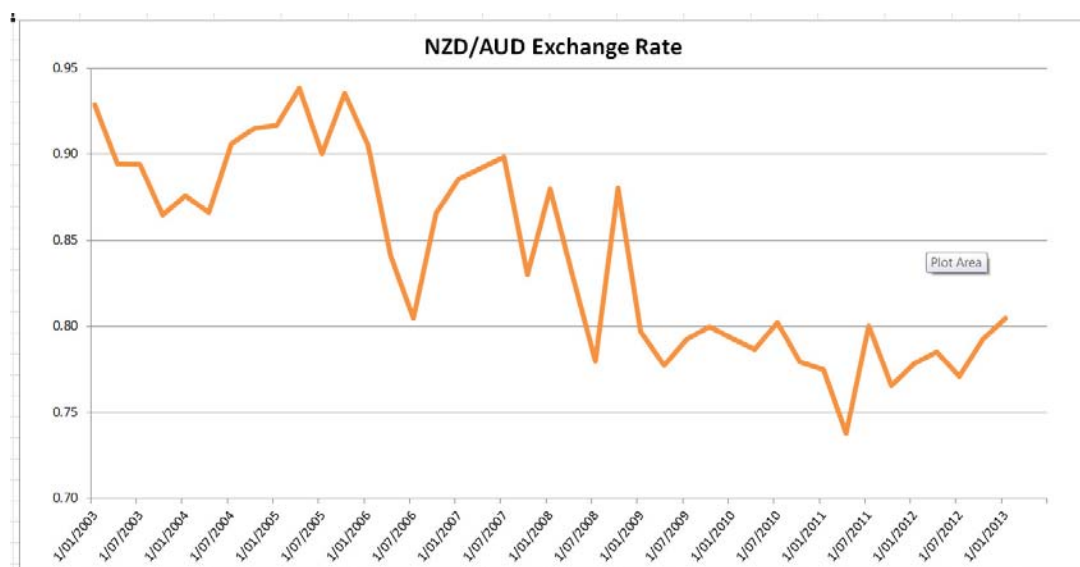
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We set out below a graph of the exchange rate which shows the kiwi normally tracking within a relatively narrow band of AUD 0.95-0.75.



Now that the New Zealand dollar has risen to around 85cents Australian we recommend that the hedge on Schrodgers Real Return Fund can be removed and the volatility be absorbed in the returns long term. We therefore suggest that provided the New Zealand dollar stays at around this level the hedge be allowed to come off once the current hedge arranged with BNZ comes off.

### **Milford Income Fund**

As discussed the Milford Income Fund has liquidity of three working days. The risk of a default is very low despite the Fund and the manager not being rated. Over the three year period to 30 May 2013 the volatility or standard deviation is 2.6%. The three year annual return is 13.3% per annum. This means that the risk of a negative return is greater than five times standard deviation or less than 1%. In other words the probability of a default (partial loss of capital) is less than 1% and thus less than the expected default on BBB rated debt.

We confirm our recommendation to invest \$2 million or approximately 30% of the fixed interest portion of the Fund in this product.

We also attach the latest Milford Income Fund update for your information.



**Harbour Asset Management – Short Duration Fund**

With the Council having an increased appetite to external managers we recommend a further \$2 million be invested in this enhanced cash fund. It is currently returning 0.6% p.a. above the 90 bank bill rate and has a total fund value of \$14 million to date. We attach our research report into this fund for your consideration.

Warm regards

Yours sincerely

Jonathan Eriksen  
**Eriksen & Associates**

cc: Malcolm Nicolson



**ITEM: 7.2**

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**ISSUE: Schedule of Bad Debt Write Offs for Approval****ID:** A550612**To:** Council Meeting, 11 July 2013**From:** Trish Wells, Accounts Receivable Officer**Date:** 29 June 2013

**Summary** The purpose of this report is to authorise the write off of bad debts. It concludes with the recommendation that credit notes are ratified. The amounts listed are inclusive of GST.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

Approval is sought to write off bad debts as listed in the table below. Bad debts are amounts owed to council where either the debtor has gone into receivership and/or liquidation and council has received advice there will be residual funds or the company has been struck off. Bad debt write offs may include debts where council (and Baycorp) have no ability to contact the debtor and the debt is at least two years old.

Generally, council seeks to write off bad debts at the end of each financial year. This paper presents the accumulation of known bad debts to be written off in the financial year ending 30 June 2013.

**Background:**

All possible avenues have been covered in the attempt to recover all outstanding costs.

There is a provision for doubtful debts which is assessed annually. Once it is determined that there is no possibility of the debts being paid, the provision of doubtful debts is utilised to then formally write off the bad debt.

Approval is sought to write off the following outstanding debtors as bad debts:

<b>Amount of bad debt</b>	<b>Reason</b>
<b>\$161.00</b>	<b>Mooring 2716 (c/n 140989)</b> Debt relates to the 2012/2013 annual mooring fee. Client has relinquished the mooring to council and the Harbour Master has requested that the current year's fees be written off.

**ITEM: 7.2**

Page 2 of 3

<b>\$209.09</b>	<b>Mooring 2804 (c/n 142671)</b> Debt relates to the 2012/2013 annual mooring fee. As per section 4.5 of the Navigation Safety Bylaw 2012 the mooring does not have a current licence or service record. Council is to remove the mooring.
<b>\$322.00</b>	<b>Mooring 1866 (c/n 120551)</b> Debt relates to the 2011/2012 and 2012/2013 annual mooring fee. As per section 4.5 of the Navigation Safety Bylaw 2012 the mooring does not have a current licence or service record. Council is to remove the mooring.
<b>\$600.82</b>	<b>Mooring 1593 (c/n 142081)</b> Debt relates to the annual mooring fees for 2010-2013. The mooring sunk over six years ago and cannot be located. The Harbour Master has requested that all outstanding fees be written off. As per section 4.5 of the Navigation Safety Bylaw 2012 the mooring does not have a current licence or service record.
<b>\$542.38</b>	<b>Mooring 2632 (c/n 129253)</b> Debt relates to the annual mooring fees for 2010-2013. The mooring sunk over six years ago and cannot be located. The Harbour Master has requested that all fees be written off. As per section 4.5 of the Navigation Safety Bylaw 2012 the mooring does not have a current licence or service record.
<b>\$782.27</b>	<b>Mooring 3553 (c/n 130220)</b> Debt relates to the annual mooring fees for 2009-2013. The mooring has been sunk and cannot be located. The Harbour Master has requested that all fees be written off. As per section 4.5 of the Navigation Safety Bylaw 2012 the mooring does not have a current licence or service record.
<b>\$161.00</b>	<b>Mooring 2641 (c/n 129478)</b> Debt relates to the annual mooring fees for 2012/2013. Client has relinquished the mooring to NRC and the Harbour Master has requested that the current year's fees be written off.
<b>\$905.47</b>	<b>Mooring 392 (c/n 135122)</b> Debt relates to the annual mooring fees for 2008-2013. No contact with owner for many years. As per section 4.5 of the Navigation Safety Bylaw 2012 the mooring does not have a current licence or service record. NRC is to remove the mooring.
<b>\$182.73</b>	<b>Mooring 1953 (c/n 135633)</b> Debt relates to the 2012/2013 annual mooring fees. Client has relinquished the mooring to council and the Harbour Master has requested that the current year's fees be written off.
<b>\$3,866.76</b>	<b>TOTAL</b>

**ITEM: 7.2**

Page 3 of 3

**Legal compliance and significance assessment:**

The activities detailed in this report are provided for in the council's Long Term Plan 2012-2022 and as such are in accordance with the council's decision making process and sections 76-82 of the Local Government Act 2002. In accordance with section 76 of the Local Government Act, this matter is not considered to be significant.

**Recommendations:**

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1. That the report "Schedule of Bad Debt Write Offs for Approval" from the Accounts Receivable Officer, Trish Wells, dated 29 June 2013, be received.
  2. That bad debt write-offs totalling \$3,866.76 as listed in the report are approved.
-



**ISSUE: Council Bank Accounts – Cheque Signatory Delegations****ID:** A550516**To:** Council Meeting, 11 July 2013**From:** Lisa Aubrey, General Manager - Finance and IT**Date:** 1 July 2013

**Summary** The purpose of this report is to amend the cheque signatory delegations to approve the Financial Accountant as an approved signatory. It concludes with the recommendation that cheque signatory delegations be updated as specified.

<b>Report Type:</b>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision	<input checked="" type="checkbox"/>
<b>Purpose:</b>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function	<input type="checkbox"/>
	Legislative function	<input checked="" type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other	<input type="checkbox"/>
<b>Significance:</b>	High	<input type="checkbox"/>	Moderate	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>

**Report:**

The delegation for authorising payment vouchers, signing cheques and authorising electronic payments on the council's ASB Bank, Bank of New Zealand account and investment accounts was last amended in April 2013.

The amendment proposed by this report is to update the Financial Accountant delegation to remove the Financial Accountant who resigned and replace the delegation with the newly appointed Financial Accountant as an approved signatory able to authorise transactions and operate the various bank accounts as listed below.

The full list of signatories currently able to authorise transactions and operate the various bank accounts is listed below. The delegation provides for the Chief Executive Officer, the General Manager - Finance and IT, the Finance Manager, the Deputy CEO/Operations Director, Financial Accountant and the Management Accountant to authorise vouchers and sign cheques on behalf of the council on all ASB accounts and the BNZ account.

The following recommended resolution is to take effect from 11 July 2013 and will update the council's delegations to authorise transactions and the operation of its various bank accounts.

**Legal compliance and significance assessment:**

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 and as such this matter is not deemed to be significant.

**ITEM: 7.3**

Page 2 of 2

**Recommendations:**

---

1. That the report "Council Bank Accounts – Cheque Signatory Delegations" from Lisa Aubrey, General Manager - Finance and IT, dated 1 July 2013, be received.
2. **Manual signing:**  
That any two of the following signatories be authorised to countersign cheques for payments drawn on the council's bank account numbers:
  - i. 12-3115-0057000-00 Current Account operated at the ASB Bank Limited, Walton Street, Whāngārei Branch, and any other accounts, which the council may operate from time to time.
  - ii. Call and term deposit accounts with the ASB and other registered trading banks in New Zealand.

**Approved signatories:**

Malcolm Charles Nicolson  
 Anthony Glenn Phipps  
 Lisa Maree Aubrey  
 Simon John Crabb  
 Angela Elizabeth Hobden  
 Steven Goddard

Chief Executive Officer  
 Deputy CEO/Operations Director  
 General Manager - Finance and IT  
 Finance Manager  
 Financial Accountant  
 Management Accountant

3. That any of the following signatories are authorised to operate (does not include payments) the Bank of New Zealand bank account number 02-0492-00340027-00 at the Bank of New Zealand Limited, Bank Street, Whāngārei.

**Approved signatories:**

Malcolm Charles Nicolson  
 Anthony Glenn Phipps  
 Lisa Maree Aubrey  
 Simon John Crabb  
 Angela Elizabeth Hobden  
 Steven Goddard

Chief Executive Officer  
 Deputy CEO/Operations Director  
 General Manager - Finance and IT  
 Finance Manager  
 Financial Accountant  
 Management Accountant

4. That vouchers or documents authorising manual or electronic transactions be authorised by any two of the above personnel (does not include payments).
  5. That electronic transactions may be prepared and uploaded by the Finance Systems Administrator and/or Accounts Officer (being the upload of creditor and payroll payment files) but these must be authorised by any two of the above approved signatories.
  6. That these delegations, when approved, be notified to the ASB Bank Limited and the Bank of New Zealand Limited for implementation.
-



**ISSUE: Insurance Policy Renewals for the 2013-2014 Financial Year****ID:** A550694**To:** Council Meeting, 11 July 2013**From:** Lisa Aubrey, General Manager - Finance and IT**Date:** 2 July 2013

**Summary** The purpose of this report is to provide an overview of the insurance policy renewals for council for the 2013-2014 financial year and an update of types and levels of cover in place. It concludes with the recommendation that this report be received.

<b>Report Type:</b>	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision
<b>Purpose:</b>	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input checked="" type="checkbox"/>	Other
<b>Significance:</b>	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

**Report:**

The annual insurance policy renewal process for council has recently been undertaken and the updated cover for the 2013-2014 financial year came into effect at 4:00 pm on 30 June 2013.

**Markets**

The New Zealand insurance market continues to be dominated by the effects of the Christchurch earthquakes. The insurance market has changed significantly as a result. Insurers have faced huge increases in their own reinsurance premiums as overseas reinsurers reassess their risk exposures in this part of the world.

The major emphasis for premium increases continues to be in the property insurance sector, with terms for liability, motor and marine still reasonably competitive.

In this market the financial solvency of our insurer is a critical factor. Council will not place any risk with an insurer who carries less than an "A" rating. Our insurance broker constantly monitors the solvency ratings on our behalf and will advise council immediately if they have any concerns regarding the solvency of the insurers in our programme.

**Renewal of council's insurance portfolio**

Council's entire insurance portfolio is tendered to the market once every three years, the last time being in June 2013. In the intervening years, indicative terms are obtained from other insurers on some policies in order to ensure that renewal terms offered by existing insurers remain competitive.

**ITEM: 7.4**

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Council has taken policies with the following insurers:

- **Vero Insurance** General Property and Marine Risks
- **Riskpool** Combined Liability Risks
- **QBE Insurance** Employers Liability and Disability
- **AIG** Crime Manager
- **Agricola (Allianz)** Forestry

The renewal programme is provided in **Appendix A**. This includes the amount insured, the excess and the insurance premium cost. The 2012 cost is also provided to allow direct comparison. The total insurance cost is \$227,120.38 and the budget provided for 2013-2014 is \$233,204. It should be noted, there may be further insurance costs as council acquires further dwellings for the Whāngārei Urban Rivers Scheme and if council elects to obtain a greater level of insurance for harbour master liability and removal of wreck.

Overall the total renewal premium has increased from this time last year by ~\$15,000. The main reasons for the premium increases are; increased replacement estimates on buildings and vehicles, less profit share rebate on vehicle fleet due to higher claims (mainly windscreens) made over the last 12 months and the addition of new dwellings acquired for the Whāngārei Urban Rivers Scheme.

#### **Awanui River Management Scheme**

Council will continue to insure the full value (\$8.6M) of the Awanui Management Scheme with Vero at a cost of ~\$22K, the deductible is \$100K.

Local Authority Protection Programme (LAPP) Fund was approached for an indication of their terms on the Awanui Flood Protection Scheme assets.

LAPP is a self-reserved fund set up by participating local authorities to address the requirements of central government on loss protection for infrastructural assets. The fund is designed to provide cover up to 40% on the value of the assets in order to trigger central government's contribution of the remaining 60% under the government's Disaster Replacement Plan (DRP) strategy. The fund is managed by Civic Assurance. In the 2010-2011 year, the LAPP fund was decimated by the Christchurch earthquakes.

Council has not insured the scheme with LAPP and did not seek terms from them in the current year. Last year the cost to council to insure 40% of the value of the Awanui River Management Scheme with LAPP was quoted at \$22,500 (excluding GST). The deductible was estimated to be as high as \$800K.

Last year Vero were approached as to whether they would consider covering only 40% of the value of the Awanui River Management Scheme but were not able to do this due to issues with reinstatement and their own reinsurance treaties.

#### **Harbour master liability and removal of wreck – general overview**

Following the Rena incident and in light of pending changes to the marine legislation, regional councils across the country are reviewing their level of harbour master liability and wreck removal insurance.

**ITEM: 7.4**

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The actual risk to council and the prudent level of insurance cover is difficult to assess. There is a pending law change to the Marine Legislation Bill, however this is still a bill and we do not have robust analysis of the implications for the council in relation to wreck removal liability risk.

Our council's reading of the bill is that it does not particularly change council's liability.

A national harbour masters' meeting is scheduled for 11 July 2013 and this matter will be raised at the meeting.

Council has not allowed additional budget in the 2013/2014 financial year for increased harbour master and removal of wreck insurance. It is proposed that council further investigates the level of risk of being liable for costs not covered by the \$20M indemnity limit offered by RiskPool and report back to council on this matter. In the meantime, council has renewed its cover with RiskPool.

The increased insurance cover options for council, using Riskpool to cover the first \$20M of cover are:

	<b>Cover</b>	<b>Insurance premium cost</b>
1)	\$50M	\$40,000
2)	\$75M	\$60,000
3)	\$100M	\$80,000

***Public and officials' indemnity and harbour master liability and removal of wreck (RiskPool)***

This policy remains with RiskPool. Alternative liability insurance providers were consulted but their prices were two to three times the annual contribution set by RiskPool. This is mainly due to the fact that the RiskPool coverage automatically includes harbour masters and removal of wreck cover to \$20M with a seemingly nominal premium charge attached to this cover.

The \$20M harbour master liability and removal of wreck limit is the maximum amount covered by RiskPool's reinsurance cover.

The limit for general and professional indemnity cover automatically provided by RiskPool this year is NZD\$200M which is the blanket limit provided for all members.

***Material damage (Vero)***

Material damage includes all council owned buildings, contents and equipment. The total value is \$22,903,188 based on up to date valuations and asset records.

***Motor fleet and profit share rebate (Vero)***

This rebate is calculated and applied to the annual motor vehicle insurance premium by the insurer. It is based on the number and value of claims made during the previous year. In the 2013-2014 year council will qualify for a rebate of approximately \$4K compared to \$6.2K in the 2012-2013 year.

***Dwellings – Oakleigh (Vero)***

This policy covers the various dwellings (x6) purchased at Oakleigh Wharf and Flyger Road. There are no significant changes to this policy.

**ITEM: 7.4**

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***Farm package – Mata (Vero)***

The policy covers the property purchased at Hewlett Road and State Highway 1, Mata.

***Dwellings – Maunu (Vero)***

This policy covers the various dwellings (x5) purchased at Kotuku Street, Maunu. The dwellings are fully insured on a total replacement cost basis, but in the event the buildings are not to be reinstated the insurer will base their settlement on the indemnity value at the time of loss.

***Marine hull and navigation aids (Vero)***

The marine hull policy was transferred from Lumley to Vero from the expiry date. This was because Lumley could not provide the cover required for the navigational aids and Vero was able to provide similar terms on both the navigational aids and the vessels.

***Disability (QBE)***

This policy provides cover for the death or permanent disablement of any council employee resulting from work related incidents. Sum insured is for an annual salary.

***Summary***

Council's insurance policies have been renewed for the 12 month period 30 June 2013 to 30 June 2014, at a total cost of \$227,120.38 plus GST. These policies and insurance levels can be amended if necessary throughout the period of cover.

***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 accordance with section 76 of the Local Government Act, this matter is not deemed to be significant.

***Recommendation:***

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That the report "Insurance Policy Renewals for the 2013-2014 Financial Year" by Lisa Aubrey, General Manager - Finance and IT, dated 2 July 2013, be received.

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## Appendix A – Council Insurance Renewal Programme 2013-2014

### NORTHLAND REGIONAL COUNCIL

#### RECOMMENDED INSURANCE RENEWAL PROGRAMME

2013

POLICY TYPE	INSURER	SUM INSURED	EXCESS	2013	2012	2012 SUM INSD
MATERIAL DAMAGE	VERO	\$22,903,188	\$1,000	59,029.06	57,622.84	\$22,521,588
BUSINESS INTERRUPTION	VERO	\$3,050,838	\$1,000	4,911.85	3,877.59	\$2,485,635
MOTOR FLEET	VERO	\$1,458,300	\$500	40,480.21	37,315.88	\$1,231,500
A&D Adjustment				0.00	0.00	
Less Profit Share Rebate	Estimate as at 20/06/2013			-4,000.00 (1)	-6,176.63	
COMPUTER	VERO	\$3,050,310	\$1,000	8,925.55	11,619.78	\$3,025,000
AWANUI FLOOD PROTECTION	VERO	\$9,609,084	\$100,000	22,100.89	21,305.44	\$9,469,084
DWELLINGS (OAKLEIGH)	VERO	\$1,354,500	\$400	4,860.03	4,502.31	\$1,354,500
FARM PACKAGE (MATA)	VERO	\$1,527,500	\$500	4,277.99	3,963.11	\$1,527,500
DWELLINGS (MAUNU)	VERO	FRC	\$450	3,087.56 (2)		
MARINE HULL	VERO	\$1,900,200	\$1,000	13,470.27 (3)	11,393.76	\$1,870,200
NAVIGATION AIDS	VERO	\$1,550,800	\$2,500	8,408.98 (3)	7,598.48	\$1,543,000
FIDELITY	AIG	\$1,000,000	\$25,000	5,460.00	5,460.00	\$1,000,000
PUBLIC & OFFICIALS INDEMNITY + HARBOURMASTERS LIABILITY & ROW	RISKPOOL	\$200,000,000 \$20,000,000	\$10,000 \$10,000	28,222.00	27,400.00	\$200,000,000 \$20,000,000
EMPLOYERS LIABILITY	QBE	\$1,000,000	\$5,000	1,675.00	1,675.00	\$1,000,000
STATUTORY LIABILITY	QBE	\$1,000,000	\$5,000	4,400.00	4,400.00	\$1,000,000
DISABILITY	QBE	\$10,557,182		6,242.46	6,219.02	\$9,930,000
FORESTRY	AGRICOLA	\$2,618,540	A.P.S.	5,568.53 (4)	6,092.23	\$2,518,311
BROKER FEE	CROMBIE LOCKWOOD			10,000.00	8,000.00	
				<b>227,120.38</b>	<b>212,268.81</b>	

#### NOTES

All Premiums include Government Levies

All premiums exclude GST

(1) = Profit Share Rebate is estimated on claims as at 23/06/13.

(2) = New policy to cover purchase of dwellings in Maunu from 30/10/2012

(3) = Policy has transferred to Vero Marine from Lumley General

(4) = Policy transferred to Agricola from NZI effective 01/05/2013 when NZI scheme was terminated.



**ISSUE: Northland Inc. 2013/14-2015/16 Statement of Intent****ID:** A550302**To:** Council Meeting, 11 July 2013**From:** Malcolm Nicolson, Chief Executive Officer**Date:** 1 July 2013

**Summary** The purpose of this report is to table Northland Inc.'s Statement of Intent (SOI) for 2013/14-2015/16 and to discuss options for council consideration to request the SOI to be modified. It concludes with the recommendation that the report be received and that council require the board of Northland Inc. to amend the SOI in accordance with Schedule 8, clause 5, of the Local Government Act 2002.

<b>Report Type:</b>	<input type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input checked="" type="checkbox"/>	Decision
<b>Purpose:</b>	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input checked="" type="checkbox"/>	Other
<b>Significance:</b>	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

**Background:**

Northland Inc.'s board delivered its Statement of Intent (SOI) for the period 2013/14-2015/16 to council on 26 June 2013 in accordance with the requirements of the Local Government Act 2002 (LGA) (Schedule 8, clause 3(b)). The SOI is **attached**.

**Discussion:**

During the months leading up to the delivery of the SOI council has held a number of workshops with Northland Inc. to discuss previous draft SOIs as well as the overall direction of the Council Controlled Organisation (CCO). The most recent workshop on this issue was held with councillors on 25 June 2013.

These discussions with Northland Inc. have highlighted the council's concern that the CCO needed to recognise resource limitations and focus on a small number of priorities and strategic interventions, namely business case assessments, business readiness, and attracting business, projects and inward investment.

Staff have undertaken a review and analysis of the SOI in light of council's concerns as described above. This analysis indicates that while the SOI has been further refined since the 2012/13 SOI, with the establishment of three key objectives (investment and growth, sector development and stakeholder engagement) the overall focus of the document, as articulated through the nature and scope of the activities and the associated objectives and performance targets, remains too broad in scope to provide assurance to council that the CCO is focussing on the issues previously outlined.

Schedule 8, clause 5, of the LGA provides that:

**5 Modifications of statements of intent by resolution of shareholders**

- (1) *Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in **clause 9(1)(a) to (i)**, and any board to whom notice of the resolution is given must comply with the resolution.*
- (2) *Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.*

The provisions of clause 9(1)(a) to (i) are provided here for completeness:

- (9) *A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following two financial years, the following information:*
  - (a) the objectives of the group; and*
  - (b) a statement of the board's approach to governance of the group; and*
  - (c) the nature and scope of the activities to be undertaken by the group; and*
  - (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and*
  - (e) the accounting policies of the group; and*
  - (f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and*
  - (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and*
  - (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and*
  - (i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation;*

Should the council agree with the findings of staff and wish to see changes made to the 2013/14-2015/16 SOI, the only option available to council is to require the board to modify the SOI within the framework as provided by the legislation.



**ITEM: 8.1**

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It is recommended that council considers resolving to require the board of Northland Inc. to modify its Statement of Intent, in particular with respect to the provisions of clause **9 (1) (a),(c) and (f)** as follows:

## **1. Nature and Scope of Activities**

The focus of Northland Inc. for the 2013/14 year will also include an effectiveness and efficiency review. This will apply to the CCO as a whole in terms of management and governance, as well as specific identified projects and activities currently undertaken by the organisation. Associated performance measures and targets are included in the performance target section of the SOI.

## **2. Performance Targets (new)**

*2.1 Sector Development – assist with growing the performance, productivity and profitability of Northland's key industry sectors*

<b>2.1</b>	<b>Output/Deliverable</b>	<b>Measure</b>	<b>Target</b>
A	To investigate and confirm the options available to Northland Inc. and NRC in terms of transferring the project management and operational control of the Oyster Project back to council or another suitable entity.	Report to council	20 August 2013 and monthly thereafter until achieved
B	A review of the Oyster Project management to date with a view to providing detailed analysis on the issues resulting in the current budget overrun.	Report to council	20 August 2013
C	To cease all operational or project management activities without specific council approval.	Provide implementation plan to council	31 July 2013
D	For the board of directors to ensure governance and managerial controls are in place to effectively manage the financial and legal risks relating to all activities of Northland Inc.	Report to council	20 August 2013 and monthly thereafter until achieved
E	To transfer the hosting of the secretariat for the Northland Intersectional Forum (NIF) back to the council.	Tasks completed and confirmed with council	31 July 2013
F	To cease all secretariat and administrative support for all industry sector groups currently being provided with those services.	Tasks completed and confirmed with council	31 July 2013
G	To review and install adequate management controls to meet the performance targets set by NZTE under the Business Growth and Callaghan Innovations Programmes and to report back to council on those management controls.	Report to council	20 August 2013 and monthly thereafter until achieved
H	To ensure that the Business Growth and Callaghan Innovations Programmes are delivered equitably across the entire region.	Report to council	20 August 2013 and quarterly thereafter

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<b>2.1</b>	<b>Output/Deliverable</b>	<b>Measure</b>	<b>Target</b>
I	To seek to engage with local business association in the delivery of the Business Growth and Callaghan Innovations Programmes in a decentralised fashion	Report to council	20 August 2013 and quarterly thereafter
J	To continue to engage with and assist industry sector groups by: <ul style="list-style-type: none"> <li>Facilitating the relationship between the groups with local and central government, acting as a legal entity through which sectors can attract local and central government funding into the sectors within Northland where a sector does not have the necessary legal structures to facilitate such a relationship.</li> </ul>	Report to council	20 August 2013 and quarterly thereafter

*2.2 Stakeholder engagement – work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc.*

<b>2.2</b>	<b>Output/Deliverable</b>	<b>Measure</b>	<b>Target</b>
A	Draft strategy for council consideration that: <ul style="list-style-type: none"> <li>Promotes Northland (using the Northland brand) focusing on Northland as a destination for investment and highlighting the economic development opportunities that exist in the region.</li> </ul>	Draft strategy delivered to council	20 August 2013 and monthly thereafter until strategy is implemented
B	Disestablish the operational arm of the RTO and review the benefits of transferring the operational and destination marketing functions of the RTO to an independent structure and governance arrangement (the promotion of Northland to potential domestic and international visitors) with appropriate private sector ownership and buy-in for Northland tourism. Consideration to include: <ul style="list-style-type: none"> <li>the funding sources and their continuity;</li> <li>accountability arrangements;</li> <li>transparency of use of public funds;</li> <li>transaction arrangements;</li> <li>efficiency and effectiveness;</li> <li>relationships with industry stakeholders;</li> <li>skill base;</li> <li>legal status of the RTO; and</li> <li>relationship with Northland Inc. and council.</li> </ul>	Report to council	20 August 2013 and monthly thereafter until achieved

For completeness it is noted that further recommended changes may be required following consideration of these recommendations and consultation with the board of Northland Inc. on their implementation.

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**Legal compliance and significance assessment:**

The issues and recommendations of this report are in accordance with Schedule 8 of the Local Government Act. The recommendations of the report are not considered significant in terms of council's significance policy.

**Recommendations:**

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1. That the report "Northland Inc. 2013/14-2015/16 Statement of Intent" by Malcolm Nicolson, Chief Executive Officer, dated 1 July 2013, be received.
  2. That council require the board of Northland Inc. to modify their Statement of Intent in accordance with Schedule 8, clause 5, of the Local Government Act and as detailed in this report.
-



# **NORTH LAND INC**

## **Statement of Intent**

**2013/14 - 2015/16**

# Northland Inc Ltd

## Statement of Intent

1/7/2013 - 30/6/2016

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## **Message from the Board**

This is the second Statement of Intent for Northland Inc.

The first Statement of Intent identified the activity that the new organisation needed to undertake to transition the two predecessor companies (Enterprise Northland and Destination Northland) into Northland Inc. It also identified the key areas in which success was required in order to regalanise Northland's progress.

This second Statement of Intent builds on that platform, by targeting specific programmes, with measurable result areas, that will have a significant impact on the region.

There are three areas of economic activity on which Northland Inc is focusing through this Statement of Intent:

- improving the efficiency of the primary sector
- developing a process manufacturing sector for the region's primary products
- seeking out emerging opportunities in new industries and industries new to the region.

The organisation's primary work will be identifying and preparing investment cases for major projects, utilising a syndication of funding streams grouped around the Northland Regional Council's Investment and Growth fund.

This Statement of Intent outlines how Northland Inc's managed approach to investment opportunities will drive the changes needed in the Northland economy.

## **Introduction**

This Statement of Intent is a public declaration of the activities and intentions of Northland Inc, a Council Controlled Organisation of the Northland Regional Council. It has been prepared in accordance with Clause 9 of Schedule 8 of the Local Government Act 2002 as amended.

Northland Inc is governed by a Constitution. The organisation has a governance board of directors, each appointed for a fixed term by the NRC plus a Chair, also appointed by the Northland Regional Council.

Northland Inc is funded by an operational contribution from the Northland Regional Council and is project-funded through other public and private agencies, with central government being the next largest contributor. Operational activity is led by a Chief Executive Officer.

The Statement of Intent is the guiding governance tool and terms of reference of Northland Inc and defines the key performance indicators as agreed by the Councillors of the owner/shareholder (Northland Regional Council). The statement outlines the Directors' accountabilities to the shareholders for corporate performance.

Northland Inc has no subsidiaries or joint ventures.

## Background

Northland Inc's establishment grew out of the Northland Regional Council's decision to amalgamate preceding agencies, and against a backdrop of the formation of the Northland Economic Advisory Group (NEAG). The purpose, objectives and performance targets of this SOI have been developed in that context.

The Northland Inc role is to support industry sectors to achieve their aspirational goals related to improved economic wellbeing for the next 10 years, specifically:

- the creation of 10,000 new sustainable jobs (currently 65,500)
- the lifting of the average household income to \$1,250 per week (in 2012 figures; \$964 June quarter 2012)
- the lifting of Northland GDP by \$2.0b (currently \$5.35b, 2011-12)

The Northland Regional Council's 2012 Long term Plan (LTP) outlined the following economic development objectives:

1. Finding economic development projects for the council (and others) to invest in (initially using the Investment and Growth Reserve).
2. Helping put together business cases for economic development projects.
3. Assessing economic development projects (and their business cases) for the council (and others) to invest in.
4. Managing projects on behalf of the council.
5. Directly assisting projects through business incubation, removing (some) risk (e.g. by getting resource consents, securing land, securing partners).
6. Advising council on opportunities and barriers to economic development in Northland.
7. Delivering the business grow and skills development service provision, funded by central government.
8. Collaborating with industry sector groups, Maori development groups and supporting regional forums e.g. Northland Energy Forum, Digital Forum, Minerals, Aquaculture, Oyster shell project.
9. Regional promotion including tourism promotion and destination marketing.
10. Promoting Northland as a place to live, work, invest and visit.

Northland Inc will contribute towards the meeting of NEAG's aspirational goals through the achievement of the three overarching Objectives outlined in this Statement of Intent. These three broad objectives align closely with the ten objectives of the LTP.



## Objectives

Northland Inc is recognised as the regional economic development agency for Northland and also encompasses the roles and functions of a Regional Tourism Organisation (RTO).

The principal objective of Northland Inc is to deliver on the vision, mission and of the organisation through the following three overarching objectives:

1. **Investment and Growth:** leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding
2. **Sector development:** assist with growing the performance, productivity and profitability of Northland's key industry sectors
3. **Stakeholder Engagement:** work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc.

The secondary objective of Northland Inc is to:

- (a) achieve the objectives of its Shareholders;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

## Vision

Northland - first region of New Zealand

## Mission

- *to be recognised within five years as: amongst the top performing regional economies; a leading destination for visitors; a front-runner in sustainable business development; and champions of Maori business.*
- *to effectively position Northland as a desirable place in which to do business, invest, live, play, study, visit and work*

## Values

The foundation values used by Northland Inc are:

- Openminded
- Enterprising
- Collaborative

## Governance Approach

- (i) The Board will effectively represent and promote the interests of the shareholder by seeking to fulfil its mandate as described above.
- (ii) The Board will encourage management to develop new income streams.
- (iii) The Board will promote the development of the management structure through delegation of responsibilities and authority to the Company's management team.
- (iv) The Board will direct and monitor management performance through:
  - the establishment of clear strategic objectives and plans;
  - regular meetings to review performance and progress towards set objectives;
  - the approval of detailed operating and capital budgets;
  - regular meetings to review actual performance against budget;
  - the appointment of a suitably qualified CEO;
- (v) The Board will familiarise itself with the issues of concern to the shareholder through regular interaction with the shareholder.
- (vi) The Board will employ "best practice" in exercising its fiduciary management responsibilities.

## Nature and scope of activities to be undertaken

By the end of June 2013, Northland Inc will have been in operation for an initial 12 months (having been legally established in July 2012). Over this time the organisation has been focused on managing the transition from its old to an organisation with a sharper focus and clear direction.

This has involved clarifying its key priorities as the region's economic development agency, charged with spearheading economic growth in the region. In particular this has meant identifying its role with regard to regional investment and growth; specifically, how to ensure best use of the NRC's Investment and Growth fund.

Through the experience of the last year, the ten economic objectives outlined in the NRC's 2012 Long Term Plan and taken as a starting point for the organisation have been distilled into three overarching objectives for the next three years of this Statement of Intent:

1. **Investment and Growth:** leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding.

This objective recognises the potential of the NRC's Investment and Growth fund to activate other sources of funding from both the public sector (central, regional and local government) and the private sector (investors, venture capital).

The role of Northland Inc will be to use that fund to kick-start a public/private partnership approach where possible to projects in the region.

Northland Inc will model a strategic approach to the funding of projects by co-ordinating the use of the funding tools for which it is responsible, namely Business Capability, Research and Development, and Investment and Growth funding.

While Northland's Inc's prime funding responsibility is the NRC's Investment and Growth Fund, its role and approach will be to demonstrate the value of maximising the effectiveness of the range of Investment and Growth funding available.

2. **Sector development:** assist with growing the performance, productivity and profitability of Northland's key industry sectors, both current and future.

This will be achieved by using a range of tools and methods, as appropriate to each sector. Growing individual business capability and encouraging innovation links with industry sector growth. So work may involve

- developing internal capability at an individual business level: internal-facing
- supporting innovative product research and development by a firm: (external - customer-facing)
- encouraging a targeted growth strategy at a business cluster level (export market-facing)

Northland's economic advantage is its natural resources. The primary sector (agriculture, aquaculture, horticulture and forestry) is both a current strength and a future opportunity.

Northland Inc will work with industry to

- improve the productivity of the primary sector
- encourage the development of added value primary sector products
- seek out emerging opportunities in new industries and industries new to the region

3. **Stakeholder Engagement:** work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc.

Northland Inc will continue to collaborate with and communicate across stakeholder groups using the resources it has available. The primary focus will be stakeholders with whom work is being undertaken to achieve the first two objectives. Northland Inc will encourage identified stakeholder groups to build the capability to undertake independent action.

### **Shareholders' funds**

The target ratio for shareholders's funds to total assets is at least 40%. Shareholders' funds are represented by total equity, including share capital and accumulated reserves. Total assets means the aggregate amount of all current and non-current assets.

### **Accounting policies**

The accounting policies that have been adopted will be detailed in the Company's

Annual Report.

The Company is classified as a Public Benefit Entity {PBE}.

### **Performance targets**

As attached.

### **Distributions to shareholders**

No distribution to the shareholder is required during the 2013/14 financial year.

### **Information to be provided to the shareholders**

Directors will formally report progress against the SOI to the NRC Councillors quarterly via a written report and attendance at a Council meeting within 6 weeks of the end of the 1<sup>st</sup> and 3<sup>rd</sup> quarters.

In compliance with Clause 66 of Part 5 the Directors will, by the 28th February of each year, deliver to the shareholder an unaudited half year report containing at least:

- a Statement of Performance, Position and Cashflow as at the half year balance date
- financial forecasts for the full year and comparison to approve budgets
- commentary on progress to meeting performance targets and the expected year end position.

In accordance with Sec 2 of Schedule 8 the Directors will deliver a draft SOI to the shareholder by 28<sup>th</sup> February of each year for the subsequent three year period.

The Statement of Intent will be reviewed annually in a joint workshop between the Directors of Northland Inc and Councillors of the owner/shareholder (Northland Regional Council) within one month of the delivery of the draft SOI.

In accordance with Sec 3 of Schedule 8 the Directors will deliver a Board approved SOI to the shareholder on or before the 30th June of each year.

In compliance with Clause 67 of Part 5 the Directors will, by 30<sup>th</sup> September of each year, deliver to the shareholder an audited Annual Report which meets the requirements of Sec 68 and Sec 69 of Part 5. In addition the Director's Report is to contain a declaration by the Board as to the compliance with the Act and specifically that the requirements of Schedule 8 have been met.

### **New entries, acquisitions and sales**

Directors may not create any new legal entity, acquire shares or any equity interest in any existing legal entity or sell any interest held by the Company without the specific approval of the Council as the shareholder.

**Activities for which local authority funding is sought**

Northland Inc reserves the right to seek compensation from time to time for the necessity to provide any service required by the Northland Regional Council where funding has not been previously agreed.

**Estimate of the commercial value of the shareholders' investment**

The Directors' estimate of the commercial value of the Shareholders' investment in Northland Inc is equal to the Shareholders' equity in the Company. Reassessment of the value of this shareholding shall be undertaken by 30 June each year.

**Any other matters**

Nil

OVERARCHING OBJECTIVE	OUTPUT / DELIVERABLE	MEASURE	TARGET
<b>Investment and Growth:</b> leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding.	Receive, assess, and recommend proposals to the Investment and Growth Fund that meet the quality criteria and investment criteria:	Number of proposals received	2013/14: 40 2014/15: 50 2015/16: 60
		Number of proposals assessed	2013/14: 20 2014/15: 30 2015/16: 40
		Number of proposals recommended	2013/14: 4 2014/15: 8 2015/16: 10
	Support development of business cases by other parties of economic development projects (for investment by Council and others) <ul style="list-style-type: none"> <li>• business clusters</li> <li>• targeted industry sector groups</li> <li>• iwi / Maori organisations</li> </ul>	Number of business cases supported.	2013/14: 2 2014/15: 3 2015/16: 4

<b>Sector development:</b> assist with growing the performance, productivity and profitability of Northland's key industry sectors.	Develop the capability of businesses through the delivery of the NZTE Business Partnership Programme.	Number of unique businesses actively managed.  Value of business capability vouchers allocated.	2013/14: 135 2014/15: 150 2015/16: 165  2013/14: \$190,000 2014/15: \$210,000 2015/16: \$230,000
	Support innovative product research and development through the delivery of Callaghan Innovation R and D funding.	Number of successful Northland applications per annum.  Value of successful Northland applications per annum.	2013/14: 4 2014/15: 5 2015/16: 6  2013/14: \$300,000 2014/15: \$400,000 2015/16: \$500,000
	Encourage strategic growth at a business cluster level through organising Business Information events.	Number of events per annum.  Average number of businesses attending each seminar.	2013/14: 2 2014/15: 4 2015/16: 6  2013/14: 6 2014/15: 8 2015/16: 10
	Support the development of growth strategies by targeted industry sector groups: <ul style="list-style-type: none"> <li>• Primary</li> <li>• Added value</li> <li>• Emerging opportunities</li> </ul>	Number of strategies developed.	2013/14: 3 2014/15: 3 2015/16: 3
	Encourage the development of joint venture projects business clusters.	Number of joint projects supported	2013/14: 2 2014/15: 2 2015/16: 2

<b>Stakeholder Engagement:</b> work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc.	Participate in activities and projects as appropriate with <ul style="list-style-type: none"> <li>• business clusters</li> <li>• targeted industry sector groups</li> <li>• cross-sectoral groups</li> <li>• inter-agency fora</li> <li>• iwi / Maori organisations</li> </ul>	Number of projects actively engaged in	2013/14: 10 2014/15: 8 2015/16: 5
	Support identified stakeholder groups to develop the capability to undertake independent action.	Number of stakeholder groups supported to independence	2013/14: 1 2014/15: 2 2015/16: 3
	Maintain active relationships with iwi/Maori organisations	Attend Iwi leaders forum	2013/14: ongoing 2014/15: ongoing 2015/16: ongoing
	Increase the use of the Northland (First) brand by stakeholders	% of key stakeholders using brand	2013/14: 25 2014/15: 50 2015/16: 100



**ITEM: 8.2**

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**ISSUE: Northland Port Corporation (NZ) Ltd – Appointment of Directors****ID:** A549503**To:** Council Meeting, 11 July 2013**From:** Malcolm Nicolson, Chief Executive Officer**Date:** 1 July 2013

**Summary** The purpose of this report is to discuss a reduction in the number of directors on the Northland Port Corporation Ltd Board. It concludes with the recommendation that the number of directors be reduced from eight to seven at the October 2013 Annual General Meeting.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

Northland Port Corporation (NZ) Ltd (NPC) is scheduled to hold its Annual General Meeting in October. In accordance with clause 7.8 of the NPC constitution, one third of directors (or the closest number) shall retire by rotation at the annual meeting each year, but shall be eligible for re-election at that meeting.

Clause 7.1 of the NPC constitution provides that the minimum number of directors is six and the maximum number is nine (or such other number as fixed by an ordinary resolution of the shareholders).

It is proposed that at the AGM only two of the three retiring directors are able to be re-elected to the board so that the total number of directors is reduced to seven. This reduction is proposed to support council's belief that a smaller board will operate more efficiently and be more cost effective.

**Legal compliance and significance assessment:**

The issues raised and recommendations provided in this report are consistent with Northland Port Corporation Limited's constitution and council's majority shareholder status.

**Recommendations:**

- 
1. That the report, "Northland Port Corporation (NZ) Ltd – Appointment of Directors" by Malcolm Nicolson – Chief Executive Officer, dated 1 July 2013, be received.
  2. That the council, as the majority shareholder in Northland Port Corporation (NZ) Ltd, resolves that the number of directors on the Northland Port Corporation (NZ) Ltd board be reduced from eight to seven at the October 2013 Annual General meeting.
-



**ISSUE: Kaipara Harbour Joint Political Committee – Update of Activities; Terms of Reference****ID:** A550429**To:** Council Meeting, 11 July 2013**From:** Tony Phipps, Operations Director**Date:** 1 July 2013**Summary** The purpose of this report is to update the council on the activities of the Kaipara Harbour Joint Political Committee.

<b>Report Type:</b>	<input checked="" type="checkbox"/>	Normal operations	<input checked="" type="checkbox"/>	Information	<input checked="" type="checkbox"/>	Decision
<b>Purpose:</b>	<input type="checkbox"/>	Infrastructure	<input checked="" type="checkbox"/>	Public service	<input checked="" type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input checked="" type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other
<b>Significance:</b>	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

**Background:**

Council were last updated on activities of the Kaipara Harbour Joint Political Committee at its meeting in November 2012. It was confirmed at that meeting that Councillor Ramsey was to be the Northland Regional Council representative on this committee.

Since November, the committee has met twice; in March and June. The draft minutes of the June meeting are **attached** for council's information. Also **attached**, for council's information, are the Terms of Reference that were agreed at the June meeting. The Operations Director submitted a report and gave a presentation to the committee on the NRC work programmes in the Kaipara Harbour and catchment that contribute to the committee's vision.

**Legal compliance and significance assessment:**

The recommendations in this report are aligned to the council's Long Term Plan 2012-2022 and are considered to be of low significance under council policy, and in accordance with its policy on Māori participation in decision-making.

**Recommendations:**

- 
1. That the report Kaipara Harbour Joint Political Committee – Update of Activities; Terms of Reference by Tony Phipps, Operations Director, dated 1 July 2013, be received.
  2. That further to council's approval to participate in the Kaipara Harbour Joint Political Committee, that council receives the committee's Terms of Reference.
-



**Minutes of the Meeting of the Kaipara Harbour Joint Political Committee  
held on Wednesday, 19 June 2013  
at the Kaiwaka Sports Complex, Gibbons Road,  
Kaiwaka at 10.20am**

Attendees:	Rodney Local Board -	Member Brenda Steele
	Northland Regional Council -	Councillor Graeme Ramsey
	Whangarei District Council -	Deputy Mayor Phil Halse
	Whangarei District Council -	John Williamson
	Kaipara District Council -	Commissioner Colin Dale
	Te Uri o Hau Settlement Trust -	Rawson Wright
	Te Uri o Hau Settlement Trust -	Mikaera Miru
	Nga Maunga Whakahii o Kaipara -	Waata Richards

Staff in attendance: Richard Nahi (Kai Hononga – Maori Advisor, Auckland Council), Mark Vincent (Policy Planning Manager, Kaipara District), Cushla Salt (Coastal Specialist, Auckland Council), Mark Schreurs (Policy Analyst, Kaipara District Council), Warren MacLennan (Manager Planning North/West, Auckland Council), Tony Phipps (Operations Director, Northland Regional Council) and Raewyn Morrison (Democracy Advisor, Rodney Local Board).

Also in attendance: Tim Brandenburg (Area Manager Department of Conservation, Warkworth), Laura Furneaux (Ministry of Primary Industries), Pieter Tuinder (Fonterra), William Wright (Chairperson Integrated Kaipara Harbour Management Group) and Leane Makey (Coordinator Integrated Kaipara Harbour Management Group).

Apologies: Cr Penny Webster (Auckland Council), Rangimarie Rawhiri (Ngati Whatua o Orakei), David Coleman (Senior Strategic Planner, Whangarei District Council), Tame Te Rangi (Te Runanga o Ngati Whatua), Margaret Kawharu (Nga Maunga Whakahii o Kaipara), Deborah Harding (Acting Chief Executive Officer Te Uri o Hau) and Dominic McCarthy (Team Leader Coastal Management, Auckland Council).

Ramsey/Wright

**That the apologies from Cr Penny Webster, Tame te Rangi, Margaret Kawharu, Rangimarie Rawhiri, David Coleman, Deborah Harding and Dominic McCarthy be accepted.**

Carried

Mihi and Karakia – Mikaera Miru

Waata Richards responded to the mihi

Richard Nahi welcomed all those in attendance and acknowledged the recent tangi for Mihi Watene (Chairperson of Te Uri o Hau Trust Board) and gave an update on Treaty Settlement, and the return of kiwi to the Kaipara (13 kiwi have been located on the Mataia Block).

Co-Chairpersons Graeme Ramsey and Rawson Wright, welcomed those in attendance, and in particular welcomed to the meeting representatives from the Department of Conservation (Tim Brandenburg), Fonterra (Pieter Tuinder) and the Ministry of Primary Industries (Laura Furneaux). The Co-Chairpersons invited everyone in the room to introduce themselves.

Steele/Dale

**That the minutes of the Kaipara Harbour Joint Political Committee meeting on 8 March 2013 be accepted as a true and accurate record.**

Carried

**Further consideration of Vision Statement and Terms of Reference:**

A track change version of the draft Vision Statement and Terms of Reference from the last meeting was circulated for further consideration. Discussion ensued and the matter was further considered later in the meeting with the following wording for the vision statement being adopted. It was noted that this could, if necessary, be further reconsidered in a year's time.

Halse/Steele

**The vision of the Kaipara Harbour Joint Political Committee is for local government to work together with te Iwi o Ngati Whatua and central government agencies to restore the health (mauri) of the harbour and the sustainability of its use.**

Carried

**Presentation by Fonterra and Department of Conservation (DoC):**

Mr Tuinder and Mr Brandenburg gave a PowerPoint presentation entitled 'Working together to care for New Zealand's Waterways' (copy on file). The Partnership Vision between DoC and Fonterra is "A sustainable dairy industry that is part of healthy, functioning ecosystems that together enrich the lives of all New Zealanders." Mr Tuinder said that initial focus catchment areas for the partnership were Kaipara Harbour, the Firth of Thames, Waikato Peat Lakes, Te Waihora – Lake Ellesmere, and Awarua - Waituna (Southland).

He said that it was anticipated there would initially be three focus areas in the catchment of Kaipara Harbour:

- Upper catchment area; Hikurangi Swamp has been identified and farmer engagement was about to commence in this area with wider engagement then being rolled out with councils, iwi and other stakeholders.
- A mid catchment area was being considered and Maungaturo too could be a possibility.
- Lower catchment, possibly in the Warkworth/Helensville area.

Mr Brandenburg said that the Hoteo River catchment could potentially become the focus of the lower catchment area; he noted that the Hoteo catchment represented 9% of Auckland's catchment and that landowners in the area were keen to form a landcare group. Issues in the Hoteo catchment included sediment affecting seagrass beds in the harbour which are important snapper breeding areas.

Mr Tuinder said that it was anticipated projects would be at a scale that people could participate in and understand, and it was hoped this would bring about a change in the dynamics in regard to how catchments were cleaned up.

Other discussion included:

- Engaging with NIWA/Ag Research and using their science
- Problem areas included the Northern Wairoa River and Ruawai Flats
- Iwi engagement
- Criteria for further projects in the future
- Council involvement and resources, and how council infrastructure issues were making an impact on the health of the harbour.

Leane Makey, Coordinator of the Integrated Kaipara Harbour Management Group (IKHMG) thanked Fonterra and DoC for nominating the Kaipara Harbour as a priority catchment. Co-Chairperson Graeme Ramsey thanked Mr Tuinder and Mr Brandberg and issued Fonterra, DOC and MPI an invitation to attend meetings in the future.

#### Presentation by Ministry of Primary Industries:

Laura Furneaux from the Ministry of Primary Industries (MPI) introduced herself and gave an overview of the role of the Ministry of Primary Industries particularly in relation to the Kaipara Harbour. Ms Furneaux spoke about working together, productivity, fish nurseries, adding value benefits and removing barriers.

Ms Furneaux was requested to bring a formal presentation to the next meeting. The presentation should include information on the state of the Kaipara Harbour, in particular the state of fisheries; catch versus quota; priorities for improvement; initiatives for the harbour; Maui's dolphin; scallop monitoring; other monitoring research; statistics on fishing occurring on the harbour; activities from agricultural sector; biosecurity (e.g. the impact of koi carp etc); and how MPI envisaged working with the Kaipara Harbour Joint Political Committee.

*Action: MPI to provide a formal presentation at the next meeting.*

William Wright, Chairperson of IKHMG, asked that a representative from the Ministry of Primary Industries attend IKHMG meetings.

**Integrated Kaipara Harbour Management Update:**

Leane Makey and William Wright tabled three documents from IKHMG; one document was a report to the Kaipara Harbour Joint Political Committee and provided an update on progress with the IKHMG workplan 2012-2013 and matters arising from the previous hui of 8 March. The other documents were IKHMG's Integrated Strategic Plan of Action and the draft IKHMG 2012-2013 Workplan.

Co-Chairperson, Rawson Wright asked that performance measures be provided at the next meeting. These are to include percentages, and achievements against milestones – e.g. identify target areas (project, baseline information, future projects anticipated, and objectives and measurables).

*Action: Include performance measures from IKHMG on the next meeting agenda.*

12.45pm – 1.30pm. Commissioner Colin Dale and William Wright retired from the meeting during the luncheon adjournment.

**Reports from Northland Regional Council Auckland Council and Auckland Council:****Northland Regional Council:**

Tony Phipps spoke to his report and gave a PowerPoint presentation (copy on file) on behalf of Northland Regional Council on the Kaipara Harbour Catchment Work Programmes. The work programmes include policy development, Waiora Northland Water, land management and water quality improvement programmes, farm water quality improvement plans, supporting the IKHMG flagship farms project, Mangere River catchment management project and state of the environment monitoring, reporting and support research.

**Auckland Council:**

Warren Maclellan spoke to his report (copy on file) and in particular discussed the draft Auckland Unitary Plan. Mr Maclellan also discussed zoning of rural land, management of rural subdivision, management of livestock farming, management of the coastal marine area and Mana Whenua etc. Included in the report was information on major coastal consents, stormwater consents, wastewater consents and land management programmes. Of interest was mangrove removal from the coastal marine area by the Gibbs Foundation adjacent to a property on the Kaipara Coast Highway. It was noted that mangrove removal could be a possible deliverable for research priorities. Mr Maclellan said that it was important that there was a consistent approach by all the councils in relation to the Kaipara Harbour.

3.10pm Councillors Halse and Williamson retired from the meeting.



### **Deliverables that this committee can achieve for the Kaipara Harbour:**

- A financially sustainable IKHMG
- Promotion of IKHMG work; Key Performance Indicators – increased demonstration farms, and increased attendance at open days
- Identification of barriers created by local government and how to address these
- Advocacy to achieve increased government and industry resources (national frameworks and their impact on the harbour)
- Cohesive planning documents for the harbour and its catchment between local government
- Prioritising, in conjunction with IKHMG and other agencies
  - research
  - analysis and monitoring (identify any research gaps)
  - policy

Discussion included staff resources and what possible improvements could be made, e.g. secondments; and improved hapu engagement between councils.

*Action: Staff to develop a plan of priority actions.*

*Action: The Democracy Advisor to write to NIWA and invite them to attend the next meeting. NIWA to be included on the agenda for the next meeting.*

Mikaera Miru asked that he be able to present a DVD at the next meeting in regard to environmental initiatives on improving the Kaipara Harbour that were being undertaken in conjunction with schools in his rohe area.

*Action: Include Mikaera Miru's presentation on the next agenda.*

Whakamutunga – Mikaera Miru

Waata Richards thanked all those who attended the meeting and closed the hui with a karakia/prayer.

3.30pm            The meeting closed.

Next meeting: Wednesday 28 August at 10.00am in the Kaiwaka Sports Complex

On the next meeting agenda

- Report from Ministry of Primary Industries
- IKHMG report on performance measures
- NIWA
- DVD presentation – Mikaera Miru
- Staff plan of action for prioritised deliverables



## **Kaipara Harbour Joint Political Committee**

### **Terms of Reference**

#### **Vision**

**The vision of the Kaipara Harbour Joint Political Committee is for local government to work together with te Iwi o Ngati Whatua and central government agencies to restore the health (mauri) of the harbour and the sustainability of its use.**

#### **Objective**

Promote effective integrated management of the Kaipara Harbour and its catchments by councils and iwi for present and future generations until a formal governance structure is determined.

Provide oversight and support for the activities of the Integrated Kaipara Harbour Management Group (IKHMG), including advocacy to secure resources for joint initiatives.

#### **Membership**

A mandated member from each of the following:

Ngati Whatua Iwi, specifically

- Te Runanga o Ngati Whatua
- Nga Maunga Whakahii o Kaipara Development Trust
- Te Uri o Hau Settlement Trust
- Ngati Whatua o Orakei
- Te Roroa Whatua Ora Trust

and

councils, specifically

- Auckland Council
- Rodney Local Board (Auckland Council)
- Northland Regional Council
- Kaipara District Council
- Whangarei District Council

In the spirit of collaboration, two co-Chairs, one each from the councils and iwi groups, shall be appointed to jointly agree meeting locations, agendas and the format of meetings.

#### **Background**

One of the largest harbours in the world, responsibility for the Kaipara Harbour falls across a number of councils. In addition, the harbour is the rohe of Ngati Whatua iwi and its hapu as holders of manawhenua, and is recognised in existing and forthcoming Treaty of Waitangi Settlements. Co-operation particularly between councils, and with iwi will be needed to shape workable policies and initiatives to improve the health (mauri) of the harbour.

In 2005, the Integrated Kaipara Harbour Management Group (IKHMG) was formed by Ngati Whatua and led by the Te Uri o Hau Settlement Trust with Ngati Whatua Nga Rima o Kaipara. This Group operates via a Steering Group comprising officers from participating organisations to promote integrated and co-ordinated management of the Kaipara Harbour. It has had considerable success in promoting active partnerships, collaborative action and joint research and monitoring initiatives.

The establishment of the Kaipara Harbour Joint Political Committee is intended to provide oversight and support for the activities of the IKHMG, including advocating, where appropriate, for resources for joint initiatives. The inclusion of further representatives to the Kaipara Harbour Joint Political Committee can be considered by the agreement of the committee.

While the Ngati Whatua Iwi and councils acknowledge that their respective mandates and aspirations may not always be compatible, there is merit in understanding different views and agreeing on areas of co-operation which are of mutual benefit and benefit the Kaipara Harbour.

### **Responsibilities**

- (1) Promote the development of consistent planning frameworks across and around the Kaipara Harbour and its catchments.
- (2) Support and advocate for the work and ongoing programmes of the IKHMG.
- (3) Maximise the impact of each organisation's resources by co-ordinating projects where possible.
- (4) Promote the building of local capacity in resource management practices.
- (5) Contribute each organisation's governance perspectives on various options for the management of the harbour, noting that this would not commit any organisation to a particular course of action.
- (6) Review legislative framework.

### **Resourcing**

Each Party shall meet its own expenses arising from attendance at meetings. Any project resources will require endorsement from relevant parent organisations through budget approval processes.

Rodney Local Board has agreed to provide secretarial services for meetings from their own resources as required. This arrangement will be reviewed annually.

### **Reporting**

The Committee will jointly report to each constituent organisation on an annual basis to set out its activities and achievements.

### **Review**

This MoU and its provisions will be reviewed annually at the final scheduled meeting of the year.

**ISSUE: Business with the Public Excluded****ID:** A550364**TO:** Council Meeting, 11 July 2013**FROM:** Chris Taylor, Council Secretary

**SUMMARY:** The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

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**Recommendations:**

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters 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:

<b>Item No.</b>	<b>Item Issue</b>	<b>Reason\Grounds</b>
9.1	Confidential Minutes of the Council Meeting - 18 June 2013	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.
9.2	Potential Investment Opportunity	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations (section 7(2)(i)).
9.3	Proposed Property Acquisition of Leasehold Property	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations (section 7(2)(i)).
9.4	Proposed Changes to Community Investment Fund Statement of Investment Policies and Objectives	The public conduct of the proceedings would be likely to result in disclosure of information, which is subject to an obligation of confidence, the withholding of which is necessary to allow the council to carry out, without prejudice or disadvantage, commercial activities (sections 7(2)(c) and 7(2)(h)).

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**ISSUE: Confirmation of Confidential Minutes –  
18 June 2013****ID:** A549389**To:** Council Meeting, 11 July 2013**From:** Chris Taylor, Council Secretary**Date:** 28 June 2013

**Summary** The purpose of this report is to present the unconfirmed confidential minutes of the council meeting held on 18 June 2013. It concludes with the recommendation that council confirm the minutes as a true and correct record.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

The minutes are **attached**.

**Legal compliance:**

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

**Recommendation:**


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That the confidential minutes of the council meeting held on 18 June 2013 be confirmed as a true and correct record.

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## NORTHLAND REGIONAL COUNCIL

Confidential minutes of the ordinary meeting of the council  
held at the Kerikeri RSA, Cobham Road, Kerikeri, on Tuesday 18 June 2013,  
commencing at 1.00 pm

### **Present:**

Chairman, Craig Brown  
Deputy Chairman, John Bain  
Councillors:  
Joe Carr  
Tony Davies-Colley  
Graeme Ramsey  
Bill Rossiter  
Ian Walker

### **In Attendance:**

#### **Full Meeting**

Chief Executive Officer, Malcolm Nicolson  
GM – Finance and IT  
GM – Planning and Policy  
Council Secretary

### **Apologies:**

Bronwyn Hunt (left meeting at 2.34 pm)

The Chairman declared the meeting open at 1.00 pm.

### **Confirmation of Confidential Minutes – 21 May 2013 (Item 9.1.1)**

ID: A543498

Report from Council Secretary Chris Taylor.

#### **Moved (Rossiter/Carr)**

That the confidential minutes of the council meeting held on 21 May 2013 be confirmed as a true and correct record.

**Carried**

### **Confidential Audit and Finance Committee Minutes – 28 May 2013 (Item 9.1.2)**

ID: A543504

Report from Council Secretary Chris Taylor.

#### **Moved (Rossiter/Carr)**

That the confidential minutes of the Audit and Finance meeting held on 28 May 2013 be received.

**Carried**

**Proposed Acquisition of Rail Corridor (Item 9.2)****ID: A544999****Report from General Manager – Finance and IT Lisa Aubrey.****Moved (Brown/Ramsey)**

1. That the report “Proposed Acquisition of Rail Corridor” by Lisa Aubrey, General Manager - Finance and IT, dated 6 June 2013, be received.
2. That council increase the price it is prepared to pay for the corridor from the existing offer of **\$64,500** plus GST if any and increasing this by \$23,100 to **\$87,600** plus GST if any.

**Carried****Kotuku Detention Dam Update (Item 9.3)****ID: A545304****Report from Land/Rivers Senior Programme Manager Bruce Howse.****Moved (Carr/Bain)**

That the report “Kotuku Detention Dam Update” by Bruce Howse, Land/Rivers Senior Programme Manager, dated 7 June 2013, be received.

**Carried****152 Cameron Street – Cancellation of Lease (Tabled Item 9.4)****ID: A547260****Report from General Manager – Finance and IT Lisa Aubrey.**

Councillor Bain declared a conflict of interest and left the room for the duration of the discussion.

**Moved (Carr/Brown)**

1. That the report “152 Cameron Street - Cancellation of Lease” by Lisa Aubrey, General Manager – Finance and IT, dated 17 June 2013, be received.
2. That council agrees the cancellation of lease for 152 Cameron Street by the lessees and further agrees to forgive the outstanding rental of \$10,099.70 plus GST in lieu of any payment for the building and the lease.

**Carried**

## **Open Meeting**

### **Moved (Walker/Davies-Colley)**

That the council resumes in open meeting.

**Carried**

## **CONCLUSION**

The meeting concluded at 4.42 pm.

Unconfirmed Minutes



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**ISSUE: Potential Investment Opportunity****ID:** A549373**To:** Council Meeting, 11 July 2013**From:** Lisa Aubrey, General Manager – Finance and IT**Date:** 26 June 2013

**Summary** The purpose of this report is to seek council approval to acquire the Beaurepaire site. It concludes with the recommendation that subject to appropriate due diligence, including obtaining a formal valuation, legal review of lease and engineering assessment, the CEO be authorised to acquire the site for up to \$550,000 plus GST (to be agreed at the meeting).

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Further update:**

Club 21 Trust has offered the property at a minimum of **\$575,000 plus GST** if any.

Alternatively, they have valued council's leasehold interests at \$362,000 plus GST if any.

**Report - as per March council agenda:**

At the economic development workshop held in February 2013 an overview of the opportunity to acquire the Beaurepaire site was presented. Council indicated some interest and asked that the proposal be more fully considered and presented back to council. Council owns the leasehold interest on this site and the details are provided in the following table:

Address	Legal Description	Land Area (m2)	Lease Details				Market Value 2012	Contract Rent/Market Value
			Contract Rent (p.a.)	Term	Review Period	Next Review Date		
67-69 Hannah Street	Lots 9 & 10 DP 43791	587	\$8,790	21	21	19-Sep-18	\$150,000	5.86%
71 Hannah Street	Lot 11 DP 43791	293	\$4,590	21	21	19-Sep-18	\$75,000	6.12%
73 Hannah Street	Lot 12 DP 43791	311	\$4,950	21	21	1-Jan-18	\$89,000	5.56%

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5-7 Reyburn Street	Lots 18 & 19 DP 55044	572	\$20,600	21	21	1 May 2028	\$251,000	8.21%
		1763	\$38,930				\$565,000	6.9%

**Why would council be interested in this site?**

Council's interest in this site is twofold, firstly the acquisition makes sense when assessed purely from a financial return perspective and secondly, depending on council's decision/direction on item 9.4 Identifying Council's Strategic Property Holdings included in this month's agenda, acquisition of this property is the first step for the Project Catalyst transformation project.

The sites in question are outlined in the GIS map below.

**Lease and acquisition details**

A new lease agreement was recently signed (however the commencement date was backdated) for a five year term commencing 17 June 2011 and provides for a further renewal on 17 June 2016 (three years to run). The annual rental is \$96,500 plus GST. The tenant is responsible for most outgoings, with the landlord being responsible for structural maintenance and the maintenance and upkeep of any lifts and air conditioning units. There is also a clause allowing the tenant to cancel the lease with three months' notice if a competent authority takes steps altering the flow of traffic into, out of, on or around the premises which have a detrimental effect on the tenant's business evidenced by its gross sales being reduced by not less than 20% per annum.

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The current asking price of the property is \$649K plus GST if any.

Ross Blackmore, property advisor, estimates the lessor interest to be valued at ~\$675-\$700K; however the value provided by Telfer Young for financial reporting purposes is \$565K at 30 June 2012. The total value of merged interest is estimated to be \$1.1M and \$1.3M. Table One and Two below shows a range of acquisition prices ranging from \$525K to \$650K and shows the return against the lessor value of \$565K and \$675K. The analysis clearly shows that using the lessor value of \$675K (which council already owns) and assuming an acquisition price of \$525K, the annual return is 8%, compared with the current return of 6.9%.

**Table One – Using lessor value as per council value at 30 June 2012**

Leasee Value	Lessor Value (based on council value at 30/06/2012)	Total Value of Merged Interests	Return
\$525,000	\$565,000	\$1,090,000	8.9%
\$550,000	\$565,000	\$1,115,000	8.7%
\$575,000	\$565,000	\$1,140,000	8.5%
\$600,000	\$565,000	\$1,165,000	8.3%
\$625,000	\$565,000	\$1,190,000	8.1%
\$650,000	\$565,000	\$1,215,000	7.9%

**Table Two – Using lessor value on estimated value as per Mr Blackmore**

Leasee Value	Lessor Value (based on estimated value)	Total Value of Merged Interests	Return
\$525,000	\$675,000	\$1,200,000	8.0%
\$550,000	\$675,000	\$1,225,000	7.9%
\$575,000	\$675,000	\$1,250,000	7.7%
\$600,000	\$675,000	\$1,275,000	7.6%
\$625,000	\$675,000	\$1,300,000	7.4%
\$650,000	\$675,000	\$1,325,000	7.3%

<b>Rent</b>	\$96,500		
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### **General observations of this investment**

Acquiring this property would put council on the path for the Project Catalyst concept and would secure a holding of 1763m<sup>2</sup>. The site has high traffic volume and is strategically located.

In terms of a standalone investment, the current lease has only three years to run and there is no guarantee the tenants will wish to renew after the 2016 lease renewal. There is also some risk the ground rent may increase significant with the ground rent reviews due on three of the four sites in 2018. To counter this risk in part, the lease agreement provides the landlord with a right of termination with six months' notice following the 2018 rent reviews. Owning the freehold interest presents a greater degree of risk compared with holding the lessor interest in that council may need to find suitable tenants on a regular basis and if there were any significant issues uncovered with the buildings, council would need to address these. Finally as the investment is comparatively small compared with council's other investments, the

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administration of a number of smaller property investments would require more active management and could increase council's administrative resourcing requirements.

**Legal compliance and significance assessment:**

The activity in this report is not considered to be significant as it is provided for in the Treasury Management Policy included in the 2012-2022 Long Term Plan and complies with council's decision making requirements set out in sections 76 to 82 of the Local Government Act 2002.

**Recommendations:**

- 
1. That the report Potential Investment Opportunity by Lisa Aubrey, General Manager – Finance and IT, dated 26 June 2013 be received.
  2. That subject to appropriate due diligence, including obtaining a formal valuation, legal review of lease and engineering assessment, the CEO be authorised to acquire the site for up to \$550,000 plus GST (to be agreed at the meeting).
-



**ISSUE: Proposed Property Acquisition of Leasehold Property****ID:** A549385**To:** Council Meeting, 11 July 013**From:** Lisa Aubrey, General Manager - Finance and IT**Date:** 26 June 2013

**Summary** The purpose of this report is for council to consider a request from the leaseholder for council to purchase the leasehold interest in this site. It concludes with the recommendation that subject to appropriate due diligence, including obtaining a formal valuation, legal review of lease and engineering assessment, the CEO be authorised to negotiate the purchase of the leasehold interest up to \$1,500,000 plus GST if any.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

At the May 2013 Audit and Finance meeting, at the leaseholder, Mr Anderson's request, staff put a paper to council for council to consider either the sale of the freehold interest or a joint development proposal with council on the former Anderson McLean site to the leaseholder. During the meeting, Mr Anderson advised that on reflection he would prefer to sell his leasehold interest to council.

Refer **Appendix A** for GIS map.

The details of the site in question are as follows:

Address	Legal Description	Size	Annual Rent	Next Rent Review	Leasehold Value at 30 June 2012
Corner Carruth & Robert Streets	Lot 1 DP 47842	2367 m <sup>2</sup>	\$41,000 plus GST	1 January 2015 (5 yearly reviews)	\$567K
Corner Reyburn & Carruth Streets	Lots 1-6 DP 55044	2719 m <sup>2</sup>	\$58,000 plus GST	1 January 2015 (5 yearly reviews)	\$773K

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The various options available to council in relation to this property are:

- Do nothing – do not sell the freehold and do not look to acquire the leasehold.
- Seek to acquire the leasehold interest and either:
  - hold the property in the short to medium term; and/or
  - develop a strategy to either acquire surrounding sites or engage with the leaseholders of the surrounding sites with an intention of seeking expressions of interests on a range of development options involving the Anderson McLean site and surrounding sites (if council has acquired these interests or if the incumbent leaseholders agree to a joint arrangement).

**Indicative value of the property**

Council's valuer, Brett Smithies of Extensor Advisory, has prepared an indicative valuation based on a comprehensive desk top review. Following workshop discussions on 25 June 2013, staff have requested a formal valuation be prepared.

The valuer was asked to value the site, assuming it was a strategic site; the existing improvements have little or no value to redevelopment.

The lessee interest is valued at \$1.3 to \$1.5M. The valuer advised he would not recommend paying any more than \$1.5M. Council's interest is valued at \$2.2M to \$2.4M and the freehold value of the site is ~\$3.7M. The details of this assumption are provided in the table below:

Address	Legal Description	Size	Annual Rent	Freehold Value	Lessees Interest	Leaseholder's (Council) Interest
Corner Carruth & Robert Streets	Lot 1 DP 47842	2367 m <sup>2</sup>	\$41,000 plus GST	\$700 per m <sup>2</sup> \$1,656,900		
Corner Reyburn & Carruth Streets	Lots 1-6 DP 55044	2719 m <sup>2</sup>	\$58,000 plus GST	\$750 per m <sup>2</sup> \$2,039,250		
				<b>\$3,696,150</b>	<b>\$1.3M to \$1.5M</b>	<b>\$2.2 - \$2.4</b>

**Discussion**

The property is currently vacant and over the last few months has been marketed on a for sale/for lease basis.

The site itself is strategically located directly across from the Town Basin, next to Pak 'n Save and in easy walking distance to the CBD. The site is included within one of the three "triangles" identified by council at the Strategic Property workshop as being strategic.

Opportunities for this site and decisions made by council and/or Mr Anderson at this time will likely determine the use and development (or lack of development) of the site for the next 15-30 years. If council elects to do nothing and will not agree to selling the freehold (or acquiring the freehold itself) it is probable a large format retail or light industrial development will take the lease of the site and use the existing (modified)

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buildings, with the aim of incurring the lowest possible outlay on capital improvements to secure and hold a tenant, for the longest possible term.

Council may seek to acquire the site and explore development options. Council has previously signaled it does not see itself or the role of council as a developer. Any joint venture or partnership arrangement with a development would need to be carefully considered to ensure partnered with reputable proven developers, the agreement was fair and equitable to both parties, and was not exposing council to carrying the financial burden and undue share of the risk.

**Legal compliance and significance assessment:**

The receiving of this report is provided for in council's Treasury Management Policy set out in the 2012-2022 Long Term Plan.

**Recommendations:**

- 
1. That the report "Proposed Property Acquisition of Leasehold Property" by Lisa Aubrey, General Manager - Finance and IT, dated 26 June 2013, be received.
  2. That subject to appropriate due diligence, including obtaining a formal valuation, legal review of lease and engineering assessment, the CEO be authorised to negotiate the purchase of the leasehold interest up to \$1,500,000 plus GST if any.
-







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**ISSUE: Proposed Changes to Community Investment Fund Statement of Investment Policies and Objectives – Independent Advice****ID:** A550900**To:** Council Meeting, 11 July 2013**From:** Chris Taylor, Council Secretary**Date:** 3 July 2013

**Summary** The purpose of this report is to table the advice provided by council's independent investment advisor regarding the proposed change to the Community Investment Policies and Objectives. It concludes with the recommendation that the advice be received.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input checked="" type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

As detailed in Item 7.1 of the open agenda; advice was provided by council's independent investment advisor regarding the proposed change to the Community Investment Policies and Objectives to allow up to \$2 million or 20% of the defensive assets be invested with Harbour Asset Management. This information **attached** was commercially sensitive and received under an obligation of confidence.

It is recommended that the independent advice be received.

**Legal compliance and significance assessment:**

The activities detailed in this report are in accordance with council's Treasury Management Policy and the 2012-2022 Long Term Plan; both of which were approved in accordance with council's decision making requirements of sections 76-82 of the Local Government Act 2002. Therefore the matter is not considered significant.

**Recommendation:**


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That the report "Proposed Changes to Community Investment Fund Statement of Investment Policies and Objectives – Independent Advice" by Chris Taylor, Council Secretary, dated 3 July 2013, in addition to the attached independent advice, be received.

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# HARBOUR ASSET MANAGEMENT

## SHORT DURATION FUND RESEARCH

### PROFILE

SUBMITTED BY ERIKSEN & ASSOCIATES LTD

JUNE 2013

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#### Auckland

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## BACKGROUND

Eriksen & Associates has been asked by Northland Regional Council (NRC) to provide a fund manager recommendation for investing short term funds within the cash/fixed interest allocation for the NRC Fund.

## FUND MANAGER RESEARCH PROFILE

Our recommended manager is Harbour Asset Management (Harbour) and their NZ Short Duration Fund.

The research profile for Harbour and the NZ Short Duration Fund is set out below.

## HARBOUR ASSET MANAGEMENT

### BACKGROUND TO THE FIRM

Harbour Asset Management Limited (Harbour) is an NZ boutique investment management firm based in Wellington. It manages over \$1.0 billion on behalf of individuals, trusts and institutions. Harbour is 83% owned by its parent and 17% by employees. The firm was founded in early 2010 as a joint venture between the former Alliance Bernstein NZ funds management team (after the global parent unexpectedly exited NZ) and First NZ Capital. In January of 2011 Harbour began offering fixed interest strategies using the former Alliance Bernstein NZ Head of Fixed Interest, Mark Brown and Christian Hawkesby, who is ex-Bank of England and Reserve Bank of NZ. By November of 2012 Harbour had \$150 million in fixed interest assets under management.

<b>Philosophy</b>	The philosophy behind the NZ Short Duration Fund is to provide a vehicle that allows investors to mitigate the two problems facing fixed interest investors in NZ. That is, the attractiveness of high rate but illiquid term deposits and historically low interest rates that will expose investors to capital losses from long duration assets when interest rates start to rise again. Harbour's philosophy with this fund is to develop a high quality, diversified, liquid and with minimum transaction cost portfolio that delivers income along with capital stability. Harbour believes that a strong focus on research leads to superior outcomes for clients. They <i>"are committed to putting clients first"</i> and becoming the <i>"most trusted"</i> investment manager in NZ. Implementation of a Corporate Behaviour Survey and signatory status to UNIPRI indicate a strong focus on ESG considerations.
<b>Process</b>	Top down and bottom up approaches are used to construct a portfolio that derives alpha from a number of sources including duration and yield curve management along with credit and various hedging instruments. Harbour use a sophisticated Research Signals matrix along with yield curve forecasts, ranked returns, liquidity and transaction cost categorisation and a Credit Risk management framework. They have also developed Indicator Models for assessing such things as Relative Value in spreads and yield curves



<b>People</b>	The team consists of only two senior professionals in Mark Brown as the Portfolio Manager and Christian Hawkesby who is the Director of Fixed Interest. Brown has considerable experience in Fixed Interest markets and a strong track record developed whilst managing NZ Fixed Interest portfolios at Alliance Bernstein NZ for 15 years. Hawkesby is new to funds management but brings valuable and critical macroeconomic experience gained at the RBNZ and then several senior roles at the Bank of England. Both individuals have equity in the Firm.
<b>Business</b>	<p>Whilst very new, the business as a whole has very quickly garnered a significant number of the previous Alliance Bernstein clients in the equity space and has established critical mass in what must be record time in NZ. Significant financial and infrastructure support from parent First NZ Capital has de-risked considerably the problems usually associated with start-up ventures of this nature. The fixed interest operation is even younger having only been started in January of 2011 and now has \$150 million FUM.</p> <p>Critical mass for the fund which commenced in April 2012 has yet to be reached with only \$14 million invested in the strategy to date including \$4 million by the launch investor which is a major bank. See the comments below in the Risk assessment section concerning this.</p>
<b>Risks</b>	Overall the Short Duration Strategy could be described as having a low degree of risk at Fund level but high at Category level. Significant key man risk exists in Mark Brown (Portfolio Manager) and Christian Hawkesby (Director of Fixed Income) but this is not uncommon in the context of NZ funds management firms. The alignment of interests via an ownership stake by staff mitigates this problem. Whilst the parent First NZ Capital does provide a strong resource base, Harbour is not as well-resourced as some of its competitors. The Fund has been established for a little over a year so the track record is short. None the less the absolute level of performance has been good and we would expect to see the benchmark met and exceeded over time. Fund flows to the strategy have substantially increased in the last few months with total FUM now being \$14.2 million.
<b>Performance</b>	As seen below for the NZ Short Duration Fund there is a good track record of outperformance albeit over very short periods of time. Note that this performance is gross of fees and tax. We would expect that this will translate to meeting and exceeding the benchmark over time given the capabilities and experience of the individuals involved in managing the Fund.

<b>To 31/05/13 In NZ\$ Gross of Fees &amp; Tax</b>	<b>1 month %</b>	<b>3 Months</b>	<b>Since Inception April 2012 p.a.</b>
<b>NZ Short Duration Fund</b>	0.23%	1.03%	4.10%
<b>NZX 90 Day Bank Bill Index</b>	0.22%	0.67%	2.68%
<b><i>Excess Return</i></b>	<i>0.01%</i>	<i>0.37%</i>	<i>1.42%</i>

Strategy: NZ Short Duration Fund	
<b>Portfolio Manager</b>	Mark Brown
<b>Fund Objective</b>	To outperform the benchmark by 85bps gross of fees and tax. Tracking error is expected to be low. The Fund looks to provide a highly liquid, low volatility returns that provide an alpha return over cash via credit and duration premiums with capital preservation and stable income flows to investors.
<b>Benchmark</b>	NZX 90 Day Bank Bill Index
<b>Investment Universe and Guidelines</b>	NZ Government, RBNZ and investment grade NZ debt issuer instruments with 3 years or less to maturity. Permissible instruments include Term Deposits, Discount Securities, Fixed Rate Bonds and Floating Rate Notes. For hedging purposes the Fund can use NZ Bank Bill futures, FRA, Interest Rate Swaps, Overnight Index Swaps and Repos. The Fund <i>cannot</i> use MBS's CDO's, CLO's nor use Interest Rate Options and CDS's for hedging purposes. No sub-investment grade debt is allowed nor unrated (unless deemed investment grade by the manager)
<b>Portfolio</b>	The Fund will typically hold 15-25 positions so is well diversified.
<b>Guidelines</b>	50% or more senior ranking registered banks and AA- and above. 15% max exposure to BBB- and above. Individual issuer constraints from 20% max and downwards. Liquidity, duration and credit premiums and spreads also apply
<b>Fees</b>	Annual management fee of 25bps which is negotiable under certain circumstances. No performance fees apply.

### Recommendation

Currently we recommend the Harbour Short Duration Fund as a core holding for client portfolios as a secondary cash-type exposure but with enhanced returns. Additionally we recommend this fund where a client's portfolio strategy dictates a low duration approach is required.