

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.

Report Type:	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision
Purpose:	<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
Significance:	<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

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:

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
Income Assets	60
Australasian Equities	20
Global Equities	20
Growth Assets	40
TOTAL ASSETS	100

- 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 managers.
- 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
Income Assets	60	40-80
Australasian Equities	20	10-30
Global Equities	20	10-30
Growth Assets	40	20-60
TOTAL ASSETS	100	

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 230% 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"> • Bank overdraft. • Committed cash advance and bank accepted bill facilities (short term and long term loan facilities). • Uncommitted money market facilities. • LGFA borrower notes/CP/bill/bonds/Floating rate Note (FRNs). • Wholesale Bond and FRN issues. • Commercial Paper (CP). • NZD denominated Private Placements. • Retail Bond and FRN Issues.
Investments	<ul style="list-style-type: none"> • Short term bank deposits. • Bank bills. • Bank certificates of deposit (CD's). • Treasury bills. • LGFA borrower notes/CP/bill/bonds/FRNs. • Local Authority stock or State Owned Enterprise (SOE) bonds and FRNs (senior). • Corporate bonds (senior). • Floating Rate Notes (senior). • Promissory notes/Commercial paper (senior).
Interest rate risk management	<ul style="list-style-type: none"> • Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> - Bank Bills - Government bonds. • Interest rate swaps including: <ul style="list-style-type: none"> - Forward start swaps (start date <24 months). - Amortising swaps (whereby notional principal amount reduces). - Swap extensions and shortenings. • Interest rate options on: <ul style="list-style-type: none"> - Bank bills (purchased caps and one for one collars). - Government bonds. - Interest rate swaptions (purchased only).

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

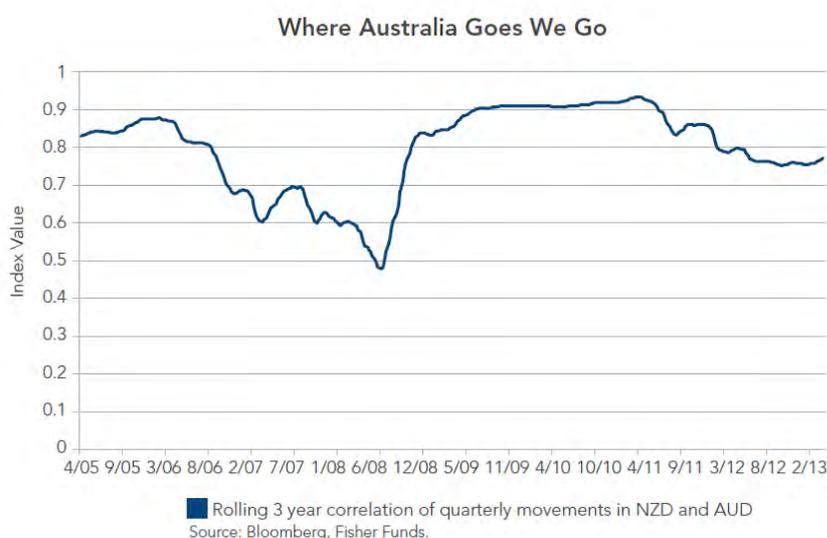
Community Investment Fund

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.



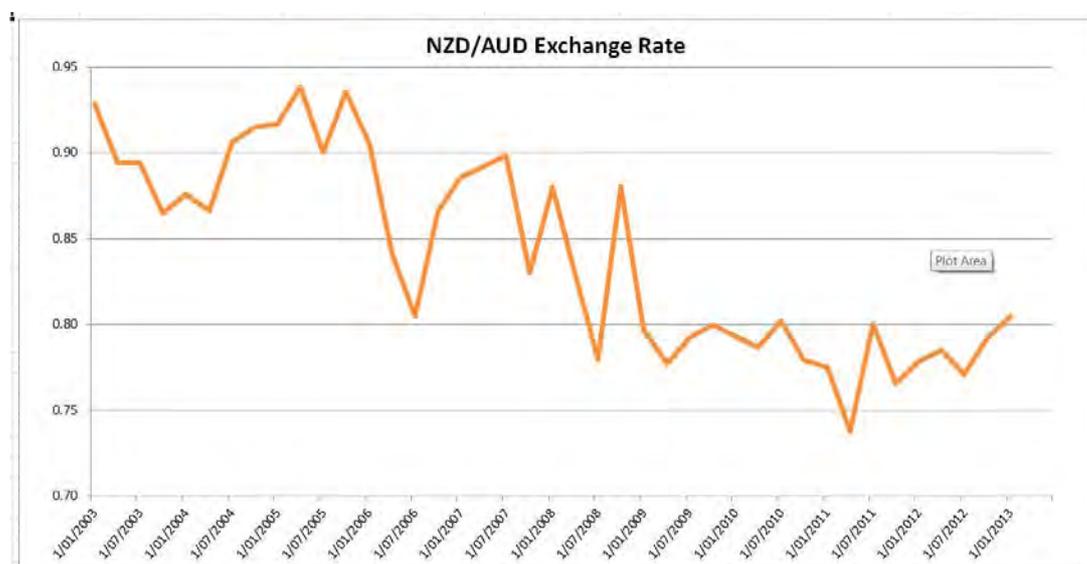
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We set out below a graph of the exchange rate which shows the kiwi normally tracking within a relatively narrow band of AUD 0.95-0.75.



Now that the New Zealand dollar has risen to around 85cents Australian we recommend that the hedge on Schroders 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

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.

Report Type:	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
Purpose:	<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
Significance:	<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:

Amount of bad debt	Reason
\$161.00	Mooring 2716 (c/n 140989) 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

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\$209.09	Mooring 2804 (c/n 142671) 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.
\$322.00	Mooring 1866 (c/n 120551) 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.
\$600.82	Mooring 1593 (c/n 142081) 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.
\$542.38	Mooring 2632 (c/n 129253) 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.
\$782.27	Mooring 3553 (c/n 130220) 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.
\$161.00	Mooring 2641 (c/n 129478) 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.
\$905.47	Mooring 392 (c/n 135122) 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.
\$182.73	Mooring 1953 (c/n 135633) 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.
\$3,866.76	TOTAL

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:

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.

Report Type:	Normal operations <input type="checkbox"/>	Information <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
Purpose:	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"/>
Significance:	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.

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	Chief Executive Officer
Anthony Glenn Phipps	Deputy CEO/Operations Director
Lisa Maree Aubrey	General Manager - Finance and IT
Simon John Crabb	Finance Manager
Angela Elizabeth Hobden	Financial Accountant
Steven Goddard	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	Chief Executive Officer
Anthony Glenn Phipps	Deputy CEO/Operations Director
Lisa Maree Aubrey	General Manager - Finance and IT
Simon John Crabb	Finance Manager
Angela Elizabeth Hobden	Financial Accountant
Steven Goddard	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.

Report Type:	<input checked="" type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision
Purpose:	<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
Significance:	<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.

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.

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:

	Cover	Insurance premium cost
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.

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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:

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.

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	
				227,120.38	212,268.81	

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.

Report Type:	<input type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input checked="" type="checkbox"/>	Decision
Purpose:	<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
Significance:	<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.

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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

2.1	Output/Deliverable	Measure	Target
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 Intersectoral 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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2.1	Output/Deliverable	Measure	Target
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"> 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. 	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.

2.2	Output/Deliverable	Measure	Target
A	Draft strategy for council consideration that: <ul style="list-style-type: none"> 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. 	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"> the funding sources and their continuity; accountability arrangements; transparency of use of public funds; transaction arrangements; efficiency and effectiveness; relationships with industry stakeholders; skill base; legal status of the RTO; and relationship with Northland Inc. and council. 	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.

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:

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 1st and 3rd 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 28th 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 30th 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
Investment and Growth: 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 Number of proposals assessed Number of proposals recommended	2013/14: 40 2014/15: 50 2015/16: 60 2013/14: 20 2014/15: 30 2015/16: 40 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"> • business clusters • targeted industry sector groups • iwi / Maori organisations 	Number of business cases supported.	2013/14: 2 2014/15: 3 2015/16: 4

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

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

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.

Report Type:	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
Purpose:	<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
Significance:	<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.

Report Type:	<input checked="" type="checkbox"/>	Normal operations	<input checked="" type="checkbox"/>	Information	<input checked="" type="checkbox"/>	Decision
Purpose:	<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
Significance:	<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.

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:

Item No.	Item Issue	Reason\Grounds
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)).
