

NORTHLAND REGIONAL COUNCIL

Agenda

For meeting to be held in the Council Chamber, Northland Regional Council,
36 Water Street, Whāngārei, on Tuesday 19 November 2013,
commencing at 1 pm

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

OPEN MEETING

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<p>ACC - Accident Compensation Corporation</p> <p>AHB - Animal Health Board</p> <p>ALGIM - Association of Local Government Information Management</p> <p>AMA - Aquaculture Management Area</p> <p>BOI - Bay of Islands</p> <p>BOPRC - Bay of Plenty Regional Council</p> <p>CAPEX - Capital Expenditure (budget to purchase assets)</p> <p>CBEC - Community, Business and Environment Centre</p> <p>CDEM - Civil Defence Emergency Management</p> <p>CEG - Co-ordinating Executive Group – Northland Civil Defence management team</p> <p>CEO - Chief Executive Officer</p> <p>CIMS - Co-ordinated Incident Management System (emergency management structure)</p> <p>CMA - Coastal Marine Area</p> <p>CPCA - Community Pest Control Areas</p> <p>CRI - Crown Research Institute</p> <p>DHB - District Health Board</p> <p>DOC - Department of Conservation</p> <p>DOL - Department of Labour</p> <p>DPMC - Department of Prime Minister and Cabinet</p> <p>ECA - Environmental Curriculum Award</p> <p>ECAN - Environment Canterbury</p> <p>EE - Environmental Education</p> <p>EECA - Energy Efficiency Conservation Authority</p> <p>EEZ - Exclusive Economic Zone</p> <p>EF - Environment Fund</p> <p>EMA - Employers and Manufacturers Association</p> <p>EMC - Environmental Management Committee</p> <p>EOC - Emergency Operations Centre</p> <p>EPA - Environmental Protection Authority</p> <p>FDE - Farm Dairy Effluent</p> <p>FNDC - Far North District Council</p> <p>FNHL - Far North Holdings Limited</p> <p>FPP - First Past the Post – voting system for NRC elections</p> <p>GE - Genetic Engineering</p> <p>GIS - Geographic Information System</p> <p>GMO - Genetically Modified Organism</p> <p>HASNO - Hazardous Substances & New Organisms Act</p> <p>HBRC - Hawke's Bay Regional Council</p> <p>HEMP - Hapū Environmental Management Plan</p> <p>Horizons - Brand name of Manawatu-Wanganui Regional Council</p> <p>HR - Human Resources</p> <p>IEMP - Iwi Environmental Management Plan</p> <p>IPPC - Invited Private Plan Change: a process to allow Aquaculture Management Areas to be established</p> <p>IRIS - Integrated Regional Information System: new computer system being developed collaboratively with other Regional Councils</p> <p>KDC - Kaipara District Council</p> <p>KPI - Key Performance Indicator</p> <p>LATE - Local Authority Trading Enterprise</p> <p>LGA - Local Government Act 2002</p> <p>LGNZ - Local Government New Zealand</p> <p>LGOIMA - Local Government Official Information and Meetings Act 1987</p> <p>LGOL - Local Government Online</p> <p>LTP - Long Term Plan</p> <p>LTFS - Long Term Financial Strategy</p> <p>MCDEM - Ministry of Civil Defence & Emergency Mgmt</p> <p>MFE - Ministry for the Environment</p> <p>MHWS - Mean High Water Springs</p> <p>MNZ - Maritime New Zealand</p> <p>MOH - Ministry of Health</p> <p>MOT - Ministry of Transport</p>	<p>MPI – Ministry of Primary Industries</p> <p>MSD - Ministry of Social Development</p> <p>NCMC - National Crisis Management Centre</p> <p>NES – National Environmental Standards</p> <p>NDHB - Northland District Health Board</p> <p>NZRC - New Zealand Refining Company (Marsden Point)</p> <p>NGO - Non-Governmental Organisation</p> <p>NIF - Northland Intersectoral Forum</p> <p>NIWA - National Institute of Water and Atmosphere</p> <p>NORTEG - Northland Technical Advisory Group</p> <p>NPC - Northland Port Corporation</p> <p>NZCPS - New Zealand Coastal Policy Statement</p> <p>NZTA - New Zealand Transport Agency</p> <p>NZQA - New Zealand Qualifications Authority</p> <p>NZWWA - New Zealand Water and Wastes Association</p> <p>OFI - Opportunity for Improvement</p> <p>ORC - Otago Regional Council</p> <p>OSH - Occupational Safety & Health (now Ministry of Business, Innovation and Employment)</p> <p>PDF - Portable Document Format</p> <p>PPE - Personal Protective Equipment</p> <p>RAP - Response Action Plan</p> <p>RAQP - Regional Air Quality Plan</p> <p>RCP - Regional Coastal Plan</p> <p>RFI - Request for Information</p> <p>RFP - Request for Proposal</p> <p>RTC - Regional Transport Committee</p> <p>RLTS - Regional Land Transport Strategy</p> <p>RMA - Resource Management Act 1991</p> <p>RMG - Resource Managers Group (Regional Councils)</p> <p>RMZ - Riparian Management Zone</p> <p>ROI - Return on Investment</p> <p>RPMS - Regional Pest Management Strategy</p> <p>RPS - Regional Policy Statement</p> <p>RSG - Regional Sector Group</p> <p>RTO - Regional Tourism Organisation</p> <p>RWASP - Regional Water and Soil Plan</p> <p>SCAR - SmartStream Council Activity Reporting</p> <p>SITREP - Situation Report</p> <p>SMF - Sustainable Management Fund</p> <p>SOE - State of Environment (or) State Owned Enterprise</p> <p>SOLGM - Society of Local Government Managers</p> <p>SPARC - Sport & Recreation New Zealand</p> <p>SRC - Southland Regional Council (Environment Southland)</p> <p>STV - Single Transferable Vote</p> <p>SWAG - Surface Water Allocation Group</p> <p>SWPA - Sustainable Water Programme of Action</p> <p>TA - Territorial Authority: City & District Councils</p> <p>TAC - Technical Advisory Group</p> <p>Tier 1 - Site level plan or response for an oil spill</p> <p>Tier 2 - Regional level plan or response to an oil spill</p> <p>Tier 3 - National level plan or response to an oil spill</p> <p>TLA - Territorial Local Authority – City & District Councils</p> <p>TMP - Treasury Management Plan</p> <p>TOR - Terms of Reference</p> <p>TPK - Te Puni Kōkiri (Ministry of Maori Development)</p> <p>TRAION - Te Rūnanga a Iwi o Ngāpuhi</p> <p>TRC - Taranaki Regional Council</p> <p>TROTR - Te Rūnanga o Te Rarawa</p> <p>TUANZ - Telecommunications Users Association of NZ</p> <p>WCRC - West Coast Regional Council</p> <p>WDC - Whangarei District Council</p> <p>WHHIF - Whangarei Harbour Health Improvement Fund</p> <p>WRC - Waikato Regional Council</p> <p>WWTP - Wastewater Treatment Plant</p>
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ISSUE: Audit New Zealand – Draft Management Report for the Year Ending 30 June 2013

ID: A591172

To: Council Meeting, 19 November 2013

From: Simon Crabb, Finance Manager

Date: 22 October 2013

Summary The purpose of this report is to provide councillors with Audit New Zealand's Draft Management Report for the annual year-end audit of Northland Regional Council for the year ending 30 June 2013. It concludes with the recommendation that the report be received and subject to any amendments made at the meeting, the management report for the year ending 30 June 2013 report be approved for finalisation.

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 checked="" type="checkbox"/>	Legislative function	<input 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 Draft Management Report received from Audit New Zealand at the completion of the annual audit for the year ended 30 June 2013 is attached as **Appendix One** for councillor consideration.

It is intended Francis Caetano – Audit Director will discuss this Draft Management Report at the workshop on 19 November 2013.

The Management Report provides a summary of the audit opinion, assessment of compliance with legislative requirements, significant issues arising from the audit and the results of reviews undertaken on behalf of the Auditor General.

The council is provided with an opportunity to provide a “management response” on the matters raised by Audit New Zealand. The management response generally sets our council's stance on matters raised, and where appropriate will briefly outline the intended course of action.

Legal compliance and significance assessment:

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is in accordance with council's decision making process and sections 76-82 of the Local Government Act 2002.

This matter has been assessed against council policy and is considered to be of low significance.

ITEM: 3.1

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Recommendations:

1. That the report “Audit New Zealand – Draft Management Report for the Year Ending 30 June 2013”, by Simon Crabb, Finance Manager, dated 22 October 2013, be received.
 2. That the Draft Audit New Zealand Management Report for the year ended 30 June 2013, as amended at this meeting, be approved for finalisation.
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ITEM: 3.1
Appendix One

Report to the Council on the audit of
Northland Regional Council
for the year ended 30 June 2013

Key messages

We have completed the audit for the year ended 30 June 2013. This report sets out our findings from the audit and draws attention to areas where Northland Regional Council (Regional Council) is doing well or where we have made recommendations for improvement.

Unmodified audit opinion

We issued an unmodified audit opinion on 8 October 2013. This means that we were satisfied that the financial statements and statement of service performance fairly reflected the Regional Council's activity for the year and its financial position at the end of the year.

Control environment

As part of our audit, we reviewed key aspects of the Regional Council's control environment.

We reported our interim assessment of the Regional Council's control environment in our interim management report dated 10 June 2013. Our assessment of the Regional Council's control environment remains unchanged and as a result, we were able to rely on key aspects of the control environment for the purpose of the audit of the financial statements.

Service performance reporting

The Regional Council reported performance against the measures and targets set out in year one of the 2012/22 Long Term Plan. The final version of the statement of service performance provides a meaningful performance story to the community as to what the Regional Council has or has not achieved, and why.

Sector wide issues

As part of our audit we were requested by the Office of the Auditor-General to review a number of areas across all local authorities. These were outlined in our audit arrangements letter dated 4 April 2013.

No issues that we need to report to the Regional Council arose from these reviews.

Issues identified during the audit

The following table summarises our recommendations and their priority:

Recommendation	Urgent	Necessary	Beneficial
We recommend that the Regional Council put in place policies and procedures to ensure that all risks and issues relating to the Oyster project are identified, mitigated and managed. (See section 2.1).	✓		
We recommend that our findings from our review of the Regional Council's Risk Management policy and register are taken into consideration and inclusion during the Regional Council's next review of the policy. (See section 2.6).		✓	
We recommend that the Regional Council liaise with Whangarei District Council to correct the inconsistencies identified during our rates review, at the earliest possible opportunity. (See section 2.8.3).		✓	
We recommend the Regional Council perform a full revaluation of infrastructure assets during the 2013/14 financial year to quantify the fair value movement. (See section 3.4).		✓	
We recommend that the Regional Council address our recommendation to improve the clarity of definitions and the recording of data and retention of supporting documentation for some performance measures. (See section 4).		✓	
We recommend the Regional Council ensure that GST is claimed on property purchased from non-registered vendors, where appropriate. The Regional Council is seeking a refund of the GST. (See section 6.1).			✓

There is an explanation of the ranking system is in Appendix 2.

Thank you

We would like to thank the Regional Council and management for the assistance we received during the audit.

Francis Caetano
 Audit Director
 17 October 2013

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1 Our audit opinion

1.1 We issued an unmodified audit opinion

We issued an unmodified audit opinion on 8 October 2013. This means that we were satisfied that the financial statements and statement of service performance fairly reflected the Regional Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matter:

1.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. However, in the course of the audit, we have found:

- certain misstatements that are individually and collectively not material to the financial statements and the statement of service performance; and
- certain immaterial disclosures, required by generally accepted accounting practice, that have been omitted from the financial statements.

We have discussed any misstatements that we found with management. We are satisfied that these misstatements are individually and collectively immaterial.

2 Management control environment

We performed a high-level review of the management control environment. We considered the overall attitude, awareness, and actions of the Regional Council and management in establishing and maintaining effective management procedures and internal controls. Our assessment of these areas was based on regular discussions with key members of senior management, members of the Regional Council, and our accumulated knowledge of the Regional Council's business.

In performing this assessment we consider both the "design effectiveness"¹ and "operational effectiveness"² of internal control. The explanation of these terms is outlined below. However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

We reported our interim assessment of the Regional Council's control environment in our interim management report dated 10 June 2013. Our assessment of the Regional Council's control environment remains unchanged and as a result, we were able to reply on key aspects of the control environment for the purposes of the audit of the financial statements.

In making our assessment, we took into account the following matters:

¹ Control is effective to either prevent or detect a material error in either the financial statements and/or non-financial information. The control is "fit for purpose".

² Control has operated effectively throughout the period tested.

2.1 Concerns raised by the Chief Executive – Northland Inc. Limited

2.1.1 Oyster Project and severance payments

Throughout the course of the audit we met with the CEO to discuss his concerns regarding Northland Inc. (formerly Destination Northland) (wholly owned subsidiary of the Regional Council) and in particular the Oyster project work (having been transferred from Enterprise Northland) carried out by Northland Inc. and personal grievances raised by two employees.

As a result of these discussions and subsequent enquiries with Northland Inc. we reassessed our audit risk and considered there to be a heightened audit risk with respect to the two issues outlined to us by the CEO. In response to the increase in risk we have completed additional work with regards to the Oyster project and severance payments made, and no significant issues were noted. We will nevertheless be including in our management report of Northland Inc. that, following recent changes in the management, the Board need to ensure that approval and monitoring of expenditure is robust and in line with those expected in the public sector.

2.1.2 Transfer of the Oyster Project to the Regional Council

On 10 August, following completion of the second year of the Ministry for Environment (MfE) funded Waste Minimisation Fund Project (WMF-184), the Regional Council took over project management of the project from Northland Inc.

A key aim of the oyster shell project is to divert 25000m³ of waste shell and timber from landfill from 24 marine oyster farms located in the Waikere Inlet that were in a state of disrepair.

The project involved trialling four different methods of extracting the waste and at the end of year two, Northland Inc. notified the MfE and the Regional Council that a review would be required to achieve key goals within allocated funding. The review of the trials identified that the project would likely need additional funding to fully clean up all the Oyster Farms, and furthermore the appropriate skill set for such a project lay within the Regional Council and not Northland Inc. For these reasons the Regional Council agreed to take over the project and assume liabilities incurred from August 2013. The MfE have agreed the project is "on hold" pending re-scoping and are satisfied with the approach being taken. All payments made by MfE to Northland Inc. prior to August 2013 were subject to MfE being satisfied in all respects with Northland Inc.'s use of funding and agreement on deliverables.

The Ministry is satisfied with the approach being taken to address a number of issues and have advised they are not currently considering the clawback of WMF funding awarded to date. As noted below, all payments made by MfE were subject to MfE being satisfied in all respects with Northland Inc.'s use of funding and agreement on deliverables.

There is a parallel project funded by the MPI regarding cleaning up eight forfeiture farms in the same estuary as part of the above 24 farms and this project has also been transferred to the Regional Council for completion.

Northland Inc. and the Regional Council have reviewed the agreements relating to the project and have sought appropriate legal advice. Northland Inc. recognises it continues to be liable for any historic obligations and responsibilities in respect of Project Oyster Shell project that relate to activity completed prior to 10 August 2013. Based on legal advice and assessment by management and the Board, Northland Inc. is satisfied the risk of any liability to any of the parties as a result of legal arrangements in place and work undertaken to date to be very low. However until such time as the contract MfE is re-scoped, some contingent risk may exist.

We have reviewed the relevant disclosure in the financial statement of the Regional Council and Northland Inc. regarding the potential for a contingent liability and consider the disclosure to be transparent and appropriate.

Due to the uncertainty with regards to the liabilities under the Oyster Project, Northland Inc. has therefore breached its statutory reporting deadline. Appropriate disclosures of the breach have been disclosed in the Northland Inc. financial statements.

We are satisfied additional work performed has addressed the increase in audit risk.

We recommend that the Regional Council put in place policies and procedures to ensure that all risks and issues relating to the Oyster project are identified, mitigated and managed.

Management comment

Council agrees with the comments and recommendations made. As noted by Audit New Zealand, it was council's Chief Executive who raised concerns with the project. Council's Chief Executive also raised concerns with the Northland Inc Board and senior staff during the year. Councillors were fully apprised of the matter. Council itself took over responsibility for the on-going management of the project from 10 August 2013 and is currently working with MfE to re-scope the project.

2.2 Northland Incorporated Limited – Going concern

Northland Inc. incurred a loss for the year of \$172,617 and as at 30 June 2013 has negative equity of \$186,957.

Northland Inc. is heavily reliant on the Regional Council to provide ongoing operational funding. Without the Regional Council's funding, Northland Inc. would most likely cease to operate. To enable Northland Inc.'s financial statements to be prepared on the going concern basis, the Board of Northland Inc. needs to be satisfied that Northland Inc. will be able to meet its operational day-to-day commitments and ongoing liabilities in the foreseeable future. To this end, the Regional Council has provided Northland Inc. with a letter of comfort setting out that while it is not possible to commit the Regional Council beyond the current 2013/2014 Annual Plan, the Regional Council does reasonably expect to fund Northland Inc. as signalled in its 2012-2022 Long Term Plan (\$1.1m annually). The Regional Council has also given an undertaking that should operating funding reduce or cease beyond 2013/2014 as a result of future the Regional Council decision making, that the Regional Council would meet known outstanding financial

commitments as included in Northland Inc.'s Annual Report at 30 June 2013 and arising from the implementation of the 2013/14 Statement of Intent.

There were no other significant events after balance date.

We recommend that the Regional Council closely monitors Northland Inc.'s performance until such time as it has returned to sustained profitability and equity is again positive.

Management comment

Council agrees. In agreeing to provide Northland Inc with the letter of comfort to satisfy the Board Northland Inc is a going-concern, council will now require:

- *Northland Inc. to seek specific council approval prior to becoming contractually liable to any financial commitments or obligations that extend beyond 30 June 2014. This includes any multi-year contracts, finance and operating leases.*
- *Northland Inc. to provide monthly financial reports to council to enable council to monitor the financial status of Northland Inc.*

2.3 Governance arrangements and consolidation of subsidiary

At 30 June 2012, the Northland Regional Council Community Trust (the NRCCT) Trust Fund was transferred to the Regional Council.

On 1 July 2012, the NRCCT ceased to exist. The trust deed required the remaining assets to be transferred to the Regional Council. Subsequent to year end (2011/12) all remaining assets and liabilities, including shares in Northland Inc. (formerly Destination Northland Limited) were transferred to the Regional Council and any outstanding payables and receivables became payable or receivable to or by the Regional Council.

We reviewed the assets and liabilities transferred subsequent to the prior year end to ensure that they have been transferred at appropriate values. We also reviewed the governance arrangements over Northland Inc. which has become the Regional Council's "new" Council Controlled Organisation (CCO).

There were no issues relating to the transfer of the remaining minor assets and liabilities.

Northland Inc. prepared its first Statement of Intent (SOI) and presented it to the Regional Council in December 2012. The Regional Council provided Northland Inc. with feedback on the draft SOI and it was adopted by Northland Inc. in March 2013.

Northland Inc. prepared and approved its 2013/14 SOI within the statutory reporting deadline. Subsequently, the Regional Council has reviewed the final SOI adopted by Northland Inc. and instructed them to change the SOI to better align with the new direction and scope of Northland Inc. activities.

Management comment

Council is committed to working positively with the newly appointed Chief Executive and the Board of Northland Inc to ensure Northland Inc delivers on agreed objectives to the benefit of Northland.

2.4 Unitary authority

In December 2012, the Far North District Council applied to the Local Government Commission for a Far North unitary authority to be created (with both regional and district council powers). The application triggered a process that has since seen local government structure become a key focus for all four of Northland's councils.

Following consultation with individuals and/or community workshops, the Regional Council proposed an alternative model of local boards – with real, legally-protected powers – supported by a single unitary authority.

The Commission's decision on its preferred option is expected to be released in late 2013. We will maintain a watching brief over developments.

2.5 Management and valuation of investment portfolio transferred from NRCCT

The NRCCT investment portfolio was brought inhouse late last year and is now managed inhouse by the Regional Council.

We have reviewed the fair value of the portfolio at year end and confirm this has been appropriately accounted for and disclosed in the financial statements.

No significant issues were identified that need to be brought to your attention.

2.6 Risk management policy

During the year the Regional Council drafted and approved a risk management policy and risk register.

We reviewed the policy and register and our findings noted are:

- The risk register should capture the underlying likelihood and affect assessments for the Residual risk rating.
- There should be a column indicating whether the residual risk rating is acceptable or not. In cases where it is deemed unacceptable then the gap should be clearly identified together with an action plan to close it.
- The current risk framework discusses five risk treatment options which include:
 - avoiding the risk;
 - changing the likelihood;
 - changing the consequence;

- sharing/transferring the risk, or
- retaining the risk.

While these are general risk responses as covered in AS/NZS ISO 31000:2000 we recommend a suite of established controls and risk responses that the Regional Council has available to it are developed and applied.

- We note the Regional Council are planning a further review of the policy, and have noted our recommendations for consideration and inclusion during their next review.

Management comment

Staff have incorporated all of above recommendations into the review of the Risk Framework, Policy and Register for council consideration prior to Christmas 2013 (as part of their induction and decision making processes).

Please note that staff offered to make the second bullet point minor change (inserting a new column for the acceptability of residual risk) at the time of the audit. As there were no unacceptable residual risks at that time inserting the column had no practical effect i.e. no gaps existed and no action plans were required.

2.7 Notifications of fraud

During the year under review, management advised us that transport operations staff had identified 14 bus concession tickets to the value of \$350 were missing.

An internal investigation was undertaken and it was not possible to determine who had committed the theft. In future, all tickets will be stored in a locked drawer unit with access provided only to relevant personnel.

We have advised the Office of the Auditor-General (OAG) of the fraud. They consider the Regional Council has taken appropriate action to implement access internal controls and consider the matter resolved.

2.8 Compliance with significant legislation

We reviewed the systems and procedures that the Regional Council employs to identify and comply with legislative requirements. Systems are in place to identify new legislative requirements and there appear to be a number of processes in place to remind staff of their obligations. The following issues need to be brought to your attention:

2.8.1 Budget figures not provided in Funding Impact statement in the draft 2013/14 Annual Plan

In preparing the draft 2013/14 Annual Plan, the Regional Council did not provide the 2012/13 budget figures for the funding impact statement for each group of activity. The Regional Council therefore did not comply with schedule 10 of the local Government Act. The 2012/13 budget figures were included in the final adopted 2013/14 Annual

Plan. Appropriate disclosures of the breach have been included in the financial statements.

Management comment

This breach signalled in the Legislative Compliance Second Quarterly Report provided to the February 2013 Audit and Finance meeting. It is also noted in note 37 of the notes to the financial statements in the Annual Report. It should be noted, there was significant confusion across the sector on understanding the requirements and clarification was achieved after council had printed the draft plans for distribution. The 2012/13 budget information was available in the Long Term Plan 2012-2022.

2.8.2 Local Government Act 2002 Amendment Act 2012 (the Amendment Act)

We reviewed the number of changes to the disclosure requirements included in schedule 10 of the Local Government Act and the funding impact statement as a result of the amendment act.

There were no issues identified relating to disclosures in the financial statements in respect of phase one amendments.

2.8.3 Rates

As part of the recalibrated audit approach on rates we completed a more in-depth review of the Regional Council's compliance with the Local Government Rating Act 2002 (LGRA). We note the following for your attention in respect of the 2012/13 and 2013/14 years:

Inconsistency between the Regional Council rates resolution and the Whangarei District Council rates assessment notice

- We noted inconsistencies between the basis for the rate being struck in the Regional Council's rates resolution and the Whangarei District Council's (WDC) rates assessment notice that is sent out to ratepayers on behalf of the Regional Council. For example, the Regional Council rates resolution outlines that the Regional Council's Services and Regional Transport Rate will be determined on a "separately used or inhabited parts of the rating unit", however WDC disclose in the annual rates assessment as an "annual charge".
- We noted the WDC rates assessment and invoice notice does not contain information on "where the rates may be paid". Section 46(2)(h) of the Local Government Rating Act requires this information to be contained on every rates invoice that is sent to a ratepayer.
- We also noted inconsistencies between the wording used in the rates resolution and the Funding Impact Statement for year 2012/13 and 2013/14. The Regional Council sought legal advice on the inconsistencies identified and concluded that they were immaterial and did not impact the validity of the rates.

We discussed the above issues with the Office of the Auditor-General (OAG) in respect of the 2012/13 year and sought their opinion with respect to the issues. The OAG viewed the inconsistencies as insignificant.

We recommended that the Regional Council liaise with WDC to correct the inconsistencies at the earliest possible opportunity.

Management comment

Audit New Zealand comments are noted. Council has taken advice from Simpson Grierson on both matters raised and they have advised the following in respect of the two issues raised:

- Issue one: While the rates assessment/invoice issued by WDC states that the basis of the rate is an annual charge, the rating information included in the Council's additional page that goes with rates assessment (and which clearly forms part of the rates assessment) explicitly states that the rates are assessed per SUIP of a rating unit. According, our legal advisors consider there to be no issue here. Council will raise the matter with WDC and request this be amended in the 2014/2015 rate strike and invoices as a matter of good practice.*
- The requirement in section 46(2)(h) of the Rating Act relates only to an invoice. Simpson Grierson have advised they consider that the inclusion of information about the closest service centre on the page issued by WDC meets the requirement. It is not necessary for a rates invoice to use the exact words "where rates may be paid", but the information must be included. In Simpson Griersons view, the Council has complied with this requirement.*

3 Financial information systems and controls

We reviewed the internal controls in place for your key financial and non-financial information systems. Internal controls are the policies and processes that are designed, implemented and maintained by the governing body and management – to provide reasonable assurance as to reliability and accuracy of financial and non-financial reporting, as well as compliance with significant legislative requirements. Both "design effective" and "operationally effective" internal control is important to minimising the risk of either fraud or misstatement occurring. The responsibility for the effective design, implementation and maintenance of internal control rests with the governing body.

In making our assessment, we took into account the following matters:

3.1 Application for funding from the growth fund

Following consultation in the 2011-12 Annual Plan, the Regional Council established an Investment and Growth Fund. The purpose of the fund is to set aside investment income to be made available for projects that contribute towards the economic well-being of Northland. As set out in the 2012-22 LTP strategy, the Regional Council has discretion to

either transfer 20% of the budgeted investment income to the Fund or transfer 20% of the actual investment income received to the Fund.

For the year ended 30 June 2013 the Regional Council has resolved to transfer 20% of the budgeted investment income to the Fund or \$1,342,137.

This has been correctly accounted for in the movement in reserves.

3.2 Unincorporated joint venture with Ontrack

We reviewed the investment property revaluation in relation to the properties purchased as part of the Marsden to Oakleigh Rail Corridor project.

We are satisfied the properties have been valued in accordance with NZ IAS 40 *Investment Properties*. The accounting treatment in relation to the project remains consistent with last year.

No issues were noted.

3.3 Accounting for the capitalisation investment and assessment of impairment in Regional Software Holdings Limited

The Regional Software Holdings Limited (RSHL) was incorporated on 17 October 2012 for the holding, development and maintenance of the IRIS product, as a software application suite. The Regional Council, along with five other Regional Councils, have established RSHL as a Council Controlled Organisation.

The shares are held by Waikato Regional Council (32.75%), Northland Regional Council (16.75%), Manawatu-Wanganui Regional Council (15.5%), Taranaki Regional Council (15.5%), Southland Regional Council (15.5) and West Coast Regional Council (4%).

On the 27 June 2013, RSHL made a partial call of share capital for the spend to date which was agreed at \$4,500,000. The Regional Council recognised their proportion of the share capital as an investment in RSHL in its financial statements. A second call of share capital will be made in the 2013/14 financial year, once all the development costs have been incurred.

Section 64 of the Local Government Act 2002 (LGA) requires organisations that become Council Controlled Organisations (CCO) before 31 December to prepare a statement of intent (SOI) for that financial year. RSHL is in breach of this section of the Act as it did not prepare a SOI for the nine months to June 2013. Therefore, RSHL is unable to meet the requirements of section 68 of the LGA, which requires a CCO to compare the organisation's actual performance with the planned performance as contained in its SOI and explain any variance between the reported performance and the SOI.

This situation arose because while the company was formed on 17 October 2012, no activity took place in the company until its share capital was called up and licence fees invoiced three days before balance date.

The performance during this period was measured against targets set out in the company's business plan for the period 1 December 2012 to 30 June 2014.

While RSHL did not formally prepare an SOI as required by the LGA, RSHL has reported a statement of service performance derived from RSHL's business plan and RSHL considers the performance contained and reported on in the SSP are the same as those measures that would have agreed upon and approved if a 2012/13 SOI had been adopted under the LGA. RSHL has prepared an SOI for year ending 30 June 2014.

Appropriate disclosure has been included in both RSHL and the Regional Council's financial statements.

Management comment

Audit New Zealand's comments are noted. A Statement of Intent has been prepared and will be appropriately reported on for the year ending 30 June 2014.

3.4 Fair value of infrastructure assets

The Regional Council performed an internal fair value assessment of its infrastructure assets.

We reviewed the fair value assessment and noted that a total fair value movement of infrastructure assets is \$1.4m which represents a 13.89% movement in the current net book value. The likely impact on the Statement of Comprehensive Income for depreciation is minimal as the majority increase in these assets is due to land, which is not depreciated.

Although the movement is greater than 10%, the movement of \$1.4m is not considered significant. The Regional Council's accounting policy is to revalue the infrastructure assets every three years.

We recommended the Regional Council perform a full revaluation of infrastructure assets during the 2013/14 financial year to quantify the fair value movement.

Management comment

Audit New Zealand comments are noted. The infrastructure assets are council's River Management Schemes, namely the Awanui River Management Asset. (In addition to this asset there have been recent land acquisitions for the Whangarei Urban Rivers Management Asset.) The infrastructure assets will be to be revalued as at 30 June 2014.

3.5 Doubtful debt processes and provision at year end

The Regional Council's total doubtful debt provision increased by \$843,075 (44%) in 2012/13. The majority (\$836,610) of this increase relates to the provision for doubtful debts on rates. Of this amount, \$413,791 relates to a provision applied where the collecting authority has applied rate penalties during the financial year but not actually collected the revenue from these penalties. The Regional Council must treat the rate penalties as revenue, irrespective of whether the penalty revenue is collected or is likely to be collected. Rate postponement accounts for \$54,581 of the provision. The remaining increase of \$368,238 is a result of the increase in rates arrears, with \$345,257 relating to Far North arrears.

We note that the Regional Council's budget for the doubtful debt provision for the year ended 30 June 2013 was \$250,000. This was funded by a transfer out of the Forestry Equalisation Reserve. We note that for the 2013/14 year, the Regional Council has planned for a doubtful debt provision of \$508,000, funded by \$250,000 from the Forestry Equalisation Reserve and \$258,000 from rates. Management is aware that the actual doubtful debt provision is more than what was budgeted and we recommend that additional funding for unrecoverable rates need to be provided for in the future, as funding from the Forestry Equalisation Reserve may not be sustainable in the long term.

We reviewed the Regional Council's impairment assessment of debtors and other receivables and are satisfied that the level of impairment is appropriate.

Management comment

Audit New Zealand comments are noted. Staff have raised this matter as a priority issue for consideration by the newly elected councillors. Options for funding doubtful debt will be discussed as we prepare the draft 2014/2015 Annual Plan.

3.6 Sensitive expenditure

As in prior years, we reviewed the Regional Council's sensitive expenditure policies where these have been updated. We also carried out testing of a sample of sensitive expenditure transactions and noted a couple of exceptions which we have discussed with management.

No other issues were identified.

Management comment

Audit New Zealand comments are noted. The minor matters raised have been discussed with those concerned and council's policies and the requirement to follow them have been reiterated and reinforced.

3.7 IT system upgrades

3.7.1 TechnologyOne – system upgrade

In late April 2013, the Regional Council migrated to the TechnologyOne FMIS (Financial Management Information System), supplied by the software vendor TechnologyOne. This migration was delivered by the Regional Council Financial System Replacement project team. The Regional Council previously used the SmartStream FMIS system, supplied by Infor.

As part of our audit, we performed a review of the change-over to TechnologyOne. The main objective of the review was to gain assurance that the TechnologyOne Data Conversion has been adequately performed and that sufficient and appropriate systems and processes were in place to ensure the integrity and accuracy of the data migration.

Our review concluded that:

- a. data migration process and controls were **adequate**;

- b. user acceptance testing process and controls, including issues resolution were **adequate**; and
- c. process and controls around user access and access rights provisioning, including the setup of financial delegations at Day 1 (Go Live in April 2013) were **adequate**.

3.7.2 IRIS – System upgrade

In late May 2013, the Regional Council migrated to the IRIS system, incorporating Consent Processing, Compliance and Environmental Monitoring, Contacts, and other appropriate regulatory information for the Regional Council. As noted above IRIS was created as a joint information systems development project by six regional councils in New Zealand, and the Regional Council is the first council to Go Live.

The Regional Council previously used both the Pathway and WorkSmart systems to provide regulatory systems and information. Data was migrated from both of these legacy systems to the IRIS system.

We performed a review of the change-over to IRIS as part of our interim audit. The main objective of the review was to gain assurance that the IRIS Data Conversion has been adequately performed and that sufficient and appropriate systems and processes were in place to ensure the integrity and accuracy of the data migration.

Our review concluded that:

- a. data migration process and controls were **adequate**;
- b. user acceptance testing process and controls, including issues resolution were **adequate**; and
- c. process and controls around user access and access rights provisioning at Day 1 (Go Live in May 2013) were **adequate**.

4 Service performance information and associated systems and controls

We reviewed the environment, processes, and controls for developing service performance objectives and targets, as well as monitoring and reporting on service performance. This included reviewing the Regional Council's Long Term Plan. We focused on obtaining an understanding of how the Regional Council:

- identifies its outcomes and objectives;
- develops its plans; and
- measures and monitors its performance.

The Regional Council reported against year one of the 2012/22 Long Term Plan for the first time for the 2012/13 financial year.

We found that generally the Regional Council had appropriate systems and processes in place to report on its performance. However we did note some areas for improvement relating to clearly defined performance measures and a lack of appropriate supporting documentation, as detailed below:

4.1 Hazard measurement for nationally issued warnings are acknowledge within 30 minutes

This measure requires the Regional Council to acknowledge within 30 minutes any nationally issued warnings.

The hazard management team have identified that nationally issued weather warnings create the biggest risk for the Northland region (based on historical information). The hazard management team receive numerous nationally issued warnings on a daily basis for example weather, volcanic, earthquake and tsunami warnings.

When the nationally issued warnings are received the duty officer determines the significance of the warning and responds accordingly. When an event is considered significant or severe there is a checklist to guide the duty officer through the response process. Through discussion with the hazard management team a significant nationally issued warning is considered to be where the Regional Council is required to issue a formal civil defence response to the region.

We tested the only significant event that occurred on 6 February 2013. We found that the required internal checklist was not formally completed by the duty officer. However, the checklist was used as a guide to determine that response process.

We recommended that:

- the performance measure is clearly defined and outlines the types of nationally issued warnings that are received and how the Regional Council determines the significance of each nationally issued warning; and
- the hazard management team formally complete the checklist for each significant event.

Management comment

Staff agree and have refined the measure for quarterly performance reporting in the Annual Report 2013/14.

4.2 Resource consent - supporting documentation

We performed testing over the Regional Council's resource consent measures and noted that supporting document for waivers and extension of time limits granted under section 37 of the Resource Management Act 1991 (RMA) were not always clearly supported by documentation that provided a robust audit trail.

We also noted that for annual significant non-compliance events resulting in the reduction in water quality of receiving waters, that the underlying reports did not capture the

information of all possible codes. After our review of the underlying data we identified that there were 10 additional results that should be reported.

The Regional Council has implemented its new non-financial performance reporting software, Integrated Regional Information System (IRIS). IRIS now provides the Regional Council with the ability to identify and track when waivers and extension of time have been granted under the RMA and has the ability to record all significant non-compliance event codes.

We recommend the Regional Council utilise the full capabilities of IRIS to record their compliance against the RMA. In addition the information input into IRIS should be supported by clear, complete and logical working documents.

Management comment

Council intends to use IRIS for consent processing and reporting.

5 Changes to public benefit entity accounting standards

The New Zealand Accounting Standards Board recently released new accounting standards that will apply to public benefit entities (PBE) with expenses greater than \$2m. PBEs are required to transition to the new PBE standards for reporting periods beginning on or after 1 July 2014 with early adoption not permitted. This means the Regional Council's first financial statements, including its forecast financial statements, under the new standards are for the year ending 30 June 2015.

We note the 2014/15 Annual Plan and 2015/25 LTP will need to be prepared to the new PBE standards.

To ensure a smooth transition to the new standards, the Regional Council will need to plan and prepare in a timely manner for the transition to the new PBE accounting standards. This planning includes:

- determining the reporting tier of the Regional Council and Group;
- becoming familiar with the new standards and assessing the differences that may have a recognition, measurement, or disclosure effect on the Regional Council and group's financial statements;
- determining any required system changes to comply with the new standards;
- preparing the 30 June 2015 forecast financial statements in compliance with the new standards. Timely analysis of the standards will need to be undertaken to achieve this; and
- for PBEs that consolidate for-profit subsidiaries, consider group reporting implications arising from accounting policy differences between the PBE group and for-profit subsidiaries.

Further information about the new accounting standards is included in Appendix 4.

We will continue to discuss the adoption of the new accounting standards with the Regional Council.

Management comment

Council intends to comply with the tier 1 requirements and looks forward to receiving a copy of the Audit New Zealand transition resource you are intending to publish for your clients.

6 Miscellaneous matters

Our findings and recommendations about less significant and miscellaneous matters from our audit include:

6.1 Property purchases

We reviewed the Regional Council's treatment of goods and services tax (GST) in relation to property purchases. We noted that the Regional Council had not claimed input tax in relation to a property acquired from a non-registered vendor.

We recommend the Regional Council ensure that GST is claimed on property purchased from non-registered vendor, where appropriate. We understand the Regional Council is now seeking a refund of the GST in relation to the above property transaction.

Management comment

Audit New Zealand comments are noted. Council has now claimed the appropriate GST on this property purchase, despite council's usual practice to claim GST. Processes have been strengthened to ensure this does not happen in the future.

6.2 High leave balances

In the prior year we noted 16 employees had high leave balances of more than 30 days. We followed up on this issue and found that over 40 employees now have more than 30 days of annual leave owed of these employees eight had leave owing between 45-60 days and four had leave owing in excess of 60 days.

We note that the Regional Council had implemented leave plans for staff with high leave balances prior to year end, and we will follow this up during our 2014 audit.

7 Status of previous recommendations

The status of each matter that was outstanding in last year's report to the Regional Council is summarised in Appendix 1.

Appendix 1: Status of previous recommendations

Outstanding matters

Recommendation prior year	Current status	Priority	Management's proposed action
Doubtful debt provision The Regional Council continues to collaborate with the three territorial authorities to recover outstanding debts and improve debt collection processes.	We will continue to review the adequacy of the doubtful debt provision. Issue ongoing – refer to section 3.5 of the report	Necessary	See section 3.5
Statement of Service Performance (SSP)– supporting documentation Supporting documents used to prepare the SSP are retained, filed in a logical manner and kept in a central location.	Our audit found that information supporting the SSP was not accurate and difficult to obtain. Issue outstanding – refer to section 4 of the report	Necessary	See section 4
Risk Management The Regional Council has drafted a risk management policy which is going through a consultation and approval process. The policy includes a “living” document that is regularly updated if new risks or new projects with significant risk arise. We will review the policy during next year's audit.	We have reviewed the draft and final risk management policy and risk register and have made further recommendations. Issue outstanding – refer to section 2.6 of the report	Necessary	See section 2.6

Cleared matters

Recommendation prior year	Outcome
Group disclosure of rental income	
Rental income for the Northland Port Corporation from investment property should be disclosed in the annual report.	Group rental income and commitments disclosure has been included in 30 June 2013 financial statements. Issue resolved

Appendix 2: Explanation of priority ranking system

We have developed rankings for our recommended improvements:

Urgent

Major improvements required

Needs to be addressed *urgently*

These recommendations relate to a significant deficiency that exposes the Regional Council to significant risk. Risks could include a material error in the financial statements and service performance information; a breach of significant legislation; or the risk of reputational harm.

Necessary

Improvements are necessary

Address at the earliest reasonable opportunity, generally *within 6 months*

These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.

Beneficial

Some improvement required

Address, generally within 6 to 12 months

These recommendations relate to deficiencies that result in the Regional Council falling short of best practice. These include weakness that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Appendix 3: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001. The audit of the financial statements does not relieve management or the Regional Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Regional Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Regional Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the Regional Council's financial statements for the year ended 30 June 2013, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.</p> <p>In addition to this audit, which includes our report on the Other Requirements, we have carried out an assignment in the area of the Regional Council Collaborative Development Group's Integrated Regional Information System (IRIS) project, which is compatible with those independence requirements. Other than this assignment we have no relationship with or interests in the Regional Council or any of its subsidiaries.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Regional Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Regional Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Appendix 4: New public benefit entity accounting standards

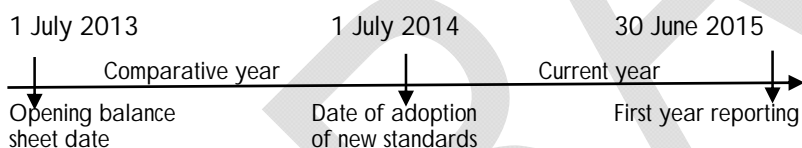
Public benefit entity tier framework

The new accounting standards tier structure is shown in the table below:

Tier	Public Sector PBE Tier Criteria	Standards	Standards issued
1	Expenditure >\$30m or public accountability (as defined)	PBE Accounting Standards (PAS)	May 2013
2	Expenditure <\$30m	PAS with Reduced Disclosure Requirements (RDR)	May 2013
3	Expenditure <\$2m	Simple Format Reporting (CFR) – accrual	Expected late 2013
4	Entities allowed by law to use cash accounting	SFR – cash	Expected late 2013

All entities start at tier 1, but can elect to be in lower tier if they satisfy the criteria of a lower tier.

PBE transition timeframe for the public sector



First-time adoption of the tier 1 and 2 PBE standards

Some of the key points to be aware of are:

- The process is similar to NZ IFRS conversion but is not expected to be as onerous.
- The standards apply to prospective financial statements of the first balance date under the new standards.
- You should use the same accounting policies as under NZ IFRS, unless PBE standards require a change.
- For your first financial statements:
 - prepare an opening balance sheet as at transition date. This is not required to be published;
 - restate comparatives where required; and
 - use standards effective at end of first reporting period.

- The opening balance sheet and restated comparatives will need to be audited.
- The standard setter is developing guidance to help identify differences between the PBE standards and for-profit standards that could give rise to consolidation adjustments.

PBE Reduced Disclosure Regime (RDR)

There are opportunities for eligible entities to reduce their disclosures. We encourage entities to consider adopting RDR.

- Examples of areas where the RDR will apply in all circumstances are:
 - Financial instruments.
 - Capital management.
 - Reconciliation of surplus/deficit to net operating cash flows.
 - Standards issued but not yet effective, prior year opening to closing reconciliations.
- Example of areas where the RDR will apply in certain circumstances are:
 - Asset and goodwill impairment.
 - Associate investments.
 - Income tax.
 - Agriculture activities.
 - Where business combinations occur.

What you should be doing?

In preparation for these changes, you should:

- determine reporting tier;
- assess impact of standards;
- implement any required system changes;
- consider group reporting implications, particularly where a PBE group consolidates for-profit subsidiaries; and
- prepare compliant forecast financial statements.

Audit New Zealand – what we are doing

We are:

- engaging with key stakeholders on sector issues, such as non-exchange revenue.;
- updating our model financial statements to be compliant with the new standards;
- publishing a transition resource for clients; and
- Details of reviews on behalf of the Auditor-General.

DRAFT

Appendix 5: Details of reviews on behalf of the Office of the Auditor-General

Issue	Status/findings
Annual Report adoption and public release dates	<p>We have been asked to note the dates that the Regional Council adopts its annual report and make the full and summary annual reports available to the public. This information has been forwarded to the Office of the Auditor-General (OAG).</p> <p>We note that the full Annual report was released to the public on 29 October 2013 on the Regional Council's website.</p> <p>We understand that the summary annual report will be made available to the public on the Regional Council's website before 29 October 2013. Once the summary is released, the actual date will be reported to the OAG.</p>
Local Authority exemptions for The Regional Council Controlled Organisations (CCOs)	<p>We were asked to advise the OAG on the Regional Council's use of section 7 of the Local Government Act 2002. Under section 7 of the LGA 2002, a local authority may exempt a "small" CCO from the accountability regime that applies to CCOs under that Act.</p> <p>The Regional Council has not exempted any CCOs during the financial year.</p>
Local authorities rates review	<p>We were asked by the OAG to complete a detailed checklist covering the rates setting process and common rating issues.</p> <p>This review was completed and our findings are reported to the Regional Council, refer section 2.8.2, and the OAG.</p>

ISSUE: Community Investment Fund – Review of Investment Managers’ Performance to 30 September 2013

ID: A593380

To: Council Meeting, 19 November 2013

From: Simon Crabb, Finance Manager

Date: 1 November 2013

Summary The purpose of this report is to provide council with an independent assessment of the Community Investment Fund Investment Managers’ Performance for the period ending 30 September 2013. It concludes with the recommendation that the 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 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 approved by council at the October 2012 meeting.

The fund is managed by five managers, each with a different mandate:

- Income assets (managed in-house) with assistance from council’s external investment advisor – PricewaterhouseCoopers (PwC);
- Income assets managed by Milford Income Fund;
- Income assets managed by Harbour Asset Management;
- Australasian Equities managed by Milford Active Growth Fund; and
- Global Equities managed by Schroder’s Real Return Fund.

Clause 7.1 of the CIF – SIPO requires Independent Investment Advisor, Eriksen and Associates Limited, to independently review and report on the five appointed fund managers’ performance. This report is **attached** as **Appendix One**.

It should be noted, following council’s decision at the 8 October 2013 council meeting \$910 thousand of Community Investment Fund (CIF) assets were transferred to council’s investment portfolio. The details of this transfer and further reporting on the CIF, and council’s wider investments are provided in the Investment Report (Item 6.1 of this council agenda).

Jonathan Eriksen of Eriksen and Associates Limited will be at the meeting to answer any questions.

ITEM: 3.2

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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.

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

Recommendation:

That the report "Community Investment Fund – Review of Investment Managers' Performance to 30 September 2013", by Simon Crabb, Finance Manager, dated 1 November 2013, be received.

ERIKSEN & ASSOCIATES LTD

Actuaries & Investment Strategists

NORTHLAND REGIONAL COUNCIL COMMUNITY INVESTMENT FUND

INVESTMENT REVIEW FOR THE QUARTER ENDING 30 SEPTEMBER 2013

ERIKSEN & ASSOCIATES LIMITED

OCTOBER 2013

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EXECUTIVE SUMMARY

Eriksen & Associates Ltd (Eriksens) produces investment reviews of the Northland Regional Council Community Investment Fund (the Fund) on a quarterly basis. The following review is for the quarter ending 30 September 2013.

The primary goal of the Fund is to promote business development in Northland. The current asset mix is 60% income and 40% growth assets, however this may change to a 50%/50% mix when investment markets stabilise.

The return requirement of the Fund is 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.

New Zealand and Australian equity markets recouped the losses that occurred in May and June, with returns of 6.7% and 10.2% respectively. Over the one year period the NZX50 rose 23.5% and the S&P/ASX 200 rose 24.3%. The New Zealand Government bond index fell 1.2% over the quarter and 2.1% over the year, while the Corporate A Grade index rose 0.3% over the quarter and 3.0% over the year.

The transition from JB Were is almost complete with just a small amount of illiquid residual assets left.

INTRODUCTION

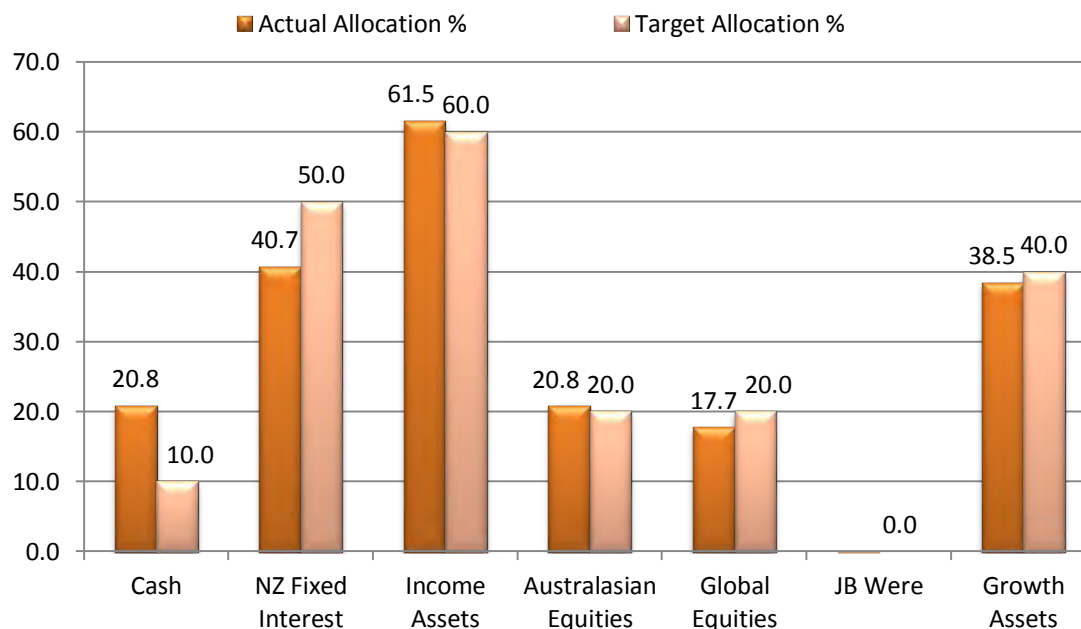
Eriksen & Associates Limited (Eriksens) were appointed investment advisors to the Fund in November 2012. This is our fourth report on the Fund in accordance with the SIPO approved by Council in October 2012.

This review reports the investment returns for all cash, bonds and equities held by the Fund, in addition to the assets managed by JBWere (and are currently in the process of being sold or taken over by the Council), for the quarter to 30 September 2013. In addition, this review shows year-to-date investment returns which represent nine month returns and now also shows one year returns.

The returns shown are based on the data supplied by the in-house investment team for all cash, bonds and JBWere managed assets as at 30 September 2013, and statements supplied by Milford, Harbour and Schroders at 30 September 2013. The returns have been calculated from dollar returns and average assets held during the period. There may therefore be a discrepancy from the money weighted asset return if the amounts invested in a particular asset class have changed during a month. If available, the use of daily rather than monthly data might reduce this.

ASSET ALLOCATIONS

The Fund's asset allocations at 30 September 2013 are shown below:



The Fund's asset allocation shows all asset classes except for the externally managed assets are within the range as specified by the SIPO. Australasian equities and global equities are very close to their target allocations.

A new investment of \$2 million was made in the Harbour Asset Management Short Duration Fund during the quarter. The funds for this were shifted from term deposits and a small amount from a bond maturity. This has kept the asset class weightings similar to last quarter.

Overall, the allocation between income and growth assets is very close to target.

Allocations	Market Value NZ\$	Actual Allocation %	Target Allocation %	Difference %	Status
Cash	2,246,039	20.8	5 < 10 < 50	10.8	✓
NZ Fixed Interest	4,399,107	40.7	20 < 50 < 80	-9.3	✓
Income Assets	6,645,146	61.5	40 < 60 < 80	1.5	✓
Australasian Equities	2,242,948	20.8	10 < 20 < 30	0.8	✓
Global Equities	1,912,020	17.7	10 < 20 < 30	-2.3	✓
JB Were	-2,909	0.0	0	0.0	×
Growth Assets	4,152,059	38.5	20 < 40 < 60	-1.5	✓
Total Assets	10,797,205	100.00			

FUND PERFORMANCE

The table below shows the quarter and year-to-date investment returns on all assets held in the Fund, plus one year returns for all assets except Milford and Schroders. The year-to-date has been reset to 1 January, therefore these are nine month returns.

Asset Class	Quarter %	YTD %	1 Year %
Cash	1.8	6.2	6.3
Benchmark (90 Day Bank Bill)	0.7	2.7	3.4
Over / Underperformance	1.1	3.5	2.9
NZ Fixed Interest (In House)	9.6	13.2	23.9
Benchmark (NZX Corporate A Grade)	0.3	3.1	4.8
Over / Underperformance	9.3	10.1	19.1
Australasian Equities (Milford)	3.9	14.9	
Benchmark (NZX50 plus 3%)	7.4	21.7	
Over / Underperformance	-3.5	-6.8	
Global Equities (Schroders)	3.7	17.1	
Benchmark (Aus TM CPI plus 5%)	1.6	5.6	
Over / Underperformance	2.1	11.5	
Liquidated Equities (JBWere)	-15.1	-15.1	-15.1
Benchmark (weighted average)	6.6	16.9	16.9
Over / Underperformance	-21.7	-32.0	-32.0
Total Fund	5.8	12.8	11.1
Benchmark (4% real return)	1.3	4.0	5.4
Over / Underperformance	4.5	8.8	5.7

In addition there was a new investment of \$2 million in the Harbour Short Duration Fund during the quarter. This investment is included in the returns for cash. As the investments in Milford and Schroders were made at the beginning of the 2013 year, we can only report the quarter and year-to-date returns for these investments currently.

Cash

Cash outperformed the 90 Day Bank Bill Index by 1.1% for the quarter to 30 September. Over the year-to-date period, cash outperformed the benchmark by 3.5%. For the one year period it outperformed the benchmark by 2.9% with a return of 6.3%, an excellent result. This outperformance is due to the majority of cash assets being held in term deposits.

NZ Fixed Interest

Bonds returned 9.6% over the quarter which beat the benchmark by 9.3%. This is due to both payments and accruals for the quarter. For the year-to-date bonds returned 13.2% beating the benchmark by 10.1% and returned 23.9% for the one year beating the benchmark by 19.1%.

Australasian Equities

Milford's Active Growth Fund underperformed the benchmark over the quarter by 3.5% with a return of 3.9%. It underperformed the year-to-date benchmark of NZX50 + 3% p.a. by 6.8%, returning 14.9%. This is still a very strong result.

Global Equities

Schroders Real Return Fund outperformed the quarter benchmark return of 1.6% by 2.1% and outperformed its year-to-date benchmark returning 17.1%. This strong outperformance is due to the currency hedge that was in place for much of this period. As the NZ dollar has appreciated above its long term fair value the hedge has been taken off.

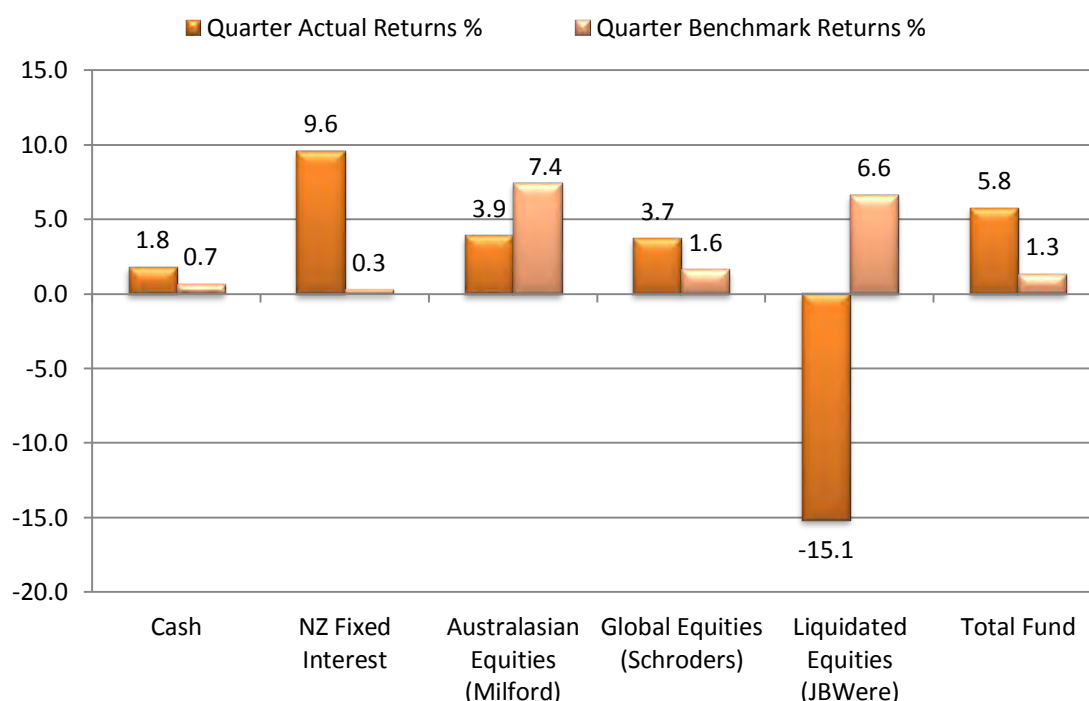
Liquidated Equities

These assets have had an impairment applied which has reduced the market value by nearly 50%. The overall value is a very small proportion of the total Fund, thus have very little effect on the overall Fund return.

Overall

The Fund outperformed the benchmark by 4.5% with a return of 5.8% for the quarter to 30 September. The benchmark was calculated from the September 2013 annual CPI results for New Zealand, which showed an increase in inflation of 1.4%. This gives a quarter benchmark of 1.3% for the overall Fund after adding 4% per annum.

Over the year-to-date period the Fund returned 12.8% which outperformed the benchmark by 8.8%, and over the year it returned 11.1% which was an outperformance of 5.7%.



* The large negative return for liquidated equities is due to an impairment being applied to these assets. This is yet to be reviewed and may be lifted as a significant amount of the capital has been repaid during the year. If this occurs the negative returns will be reversed in our next report.

ECONOMIC COMMENTARY – SEPTEMBER 2013

There has been a generally muted response to the breakdown in the US budget negotiations. Most people expect that it will somehow be resolved before the effects become more than just an inconvenience to the Government employees who suddenly no longer have jobs. Current indications are that both parties are deeply entrenched. Resolution might still be some time away. As a consequence the US markets have remained firm, especially as this has increased expectations that the Federal Reserve will postpone its tapering.

Of more concern is the possibility that the increase in the debt ceiling might be delayed beyond mid-October. This raises the possibility of the US running out of money and being unable to service its debt – resulting in a technical default and perhaps another sovereign debt downgrade. To date US Treasury yields have barely moved!

In Japan Prime Minister Abe has raised VAT by 3% to 8% with effect from early 2014. A 5 trillion Yen stimulus plan is also being introduced to balance the impact. An issue for Mr Abe has been Japan's inability to revive the nuclear power industry, leaving it currently reliant on much more expensive oil and liquefied natural gas for electricity. With the US now having access to new sources of cheaper gas, affordable energy is an essential part of Japan's efforts to restore growth. High energy costs threaten the benefits of the 20% or so fall in the yen against the dollar achieved by Mr Abe but again structural reforms appear lacking.

While some recent European data has looked better on the surface, the cracks remain. Share prices have recovered remarkably with indices in Portugal, France and Spain up sharply. The Greek main index is now more than 64% up on June 2012 (but still 85% below its 2008 high).

On the other hand, Greece is still negotiating for further assistance, France continues to act as though its problems are all but over and Italy and Portugal have in common debt around 130% of GDP and very unstable coalition governments (with Mr Berlusconi only just being persuaded not to bring the Italian one down).

Back in New Zealand the newly introduced loan to value ration limit (LVR) on residential mortgage lending has met with a mixed response as the banking and real estate industries debate the implications.

One issue is that it is a rather blunt instrument which treats all parts of the country equally, while principally trying to control price rises in Auckland and Christchurch. Another is that the public now regards it as a social equity issue that prospective buyers be able to borrow perhaps 90%-95% of the value of a half million dollar house at historically low interest rates.

As a result the Reserve Bank Governor has intimated that he will not be solely relying on the LVR limits to limit housing inflation. OCR increases of at least 2% will be required over the next two years.

The stock market run seems to be slowing. It will be interesting to see how the Meridian Energy float is received. Meanwhile our steepish Government stock yield curve shows little sign of flattening.

Like New Zealand the Australian stock market (and currency) is benefitting from offshore investors buying. The new Abbott government is enjoying a honeymoon period but the structural issues in Australia remain. Namely reliance on mineral exports to China and the two speed economy. However the increased confidence of consumers may preclude the RBA from reducing interest rates further.

The economic problems underline the slowdown in world trade and make the trade talks in Bali more important, especially for some of the major emerging market economies such as the BRICS (Brazil, Russia, India, China and South Africa) and Indonesia.

The recent withdrawal of overseas investors from the emerging markets caused both their stock markets and currencies to fall. It all reinforces the fact that investors operate in one global market. Hence the risk of adverse consequences should the U.S. or Japanese political and economic experiments blow up!

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ISSUE: Chairman's Report to Council**ID:** A595008**To:** Council Meeting, 19 November 2013**From:** Craig Brown, Former Chairman**Date:** 11 November 2013

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

Report Type:	<input type="checkbox"/> Normal operations	<input checked="" 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

Meetings/events attended:

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

- Meetings attended with the council's CEO, Malcolm Nicolson:
 - Sir John Goulter, Chairman, Northland Port Corporation.
 - The Regional Sector Group met with Hon Chris Tremain, Minister of Local Government, on 5 September 2013, and the Regional Sector Group meeting proper was held the following day.
 - Powhiri for David Wilson, CEO, Northland Inc.
 - Presentation by NZ Petroleum and Minerals – Block Offer 2014
 - NZ Refining - Sjoerd Post, CEO, and Greg McNeill, Communications and External Affairs Manager.
- Meetings attended with councillors:
 - Councillor Bill Rossiter and I met with Dave Walters and a group from the Whāngārei Leasehold Owners' Association – Whāngārei outstanding ground rentals and ground leases.
 - Councillor Bill Rossiter and I had a video conference with Francis Caetano, Audit New Zealand – audit debrief.
- Cadet graduation ceremony held in Dargaville.
- Presented Environment Curriculum Awards to Otaika Valley School, Maungaturoto School and Whāngārei Primary School.
- Ruakaka Residents' and Ratepayers' Association meeting.
- Ruakaka Economic Development Group meeting.
- Nickie Muir – History of mining in Puhipuhi.

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- Ben Lee, Policy Specialist, and I gave a presentation on the Moorings and Marina Strategy to Far North District Council.
- John Wright – Pacific cable at Bream Bay.
- Investiture of Queen's Service Medal to Charles Cook on behalf of the Governor General.
- Presented Enviroschools Bronze Celebration awards to Otaika Valley School, Kokopu School and Parua Bay School.
- Meeting with NRC staff, WDC staff and WDC Councillor Brian McLachlan – Whāngārei Harbour Catchment Group.
- Opened the 2013 Youth Summit.
- Whāngārei Harbour Catchment Group meeting.
- Attended the Northland Port Corporation Annual General Meeting.
- Ruakaka Business Breakfast meeting.

Correspondence:

During September I sent out the following correspondence:

Date	Addressed To	Subject
16.09.13	Mark Cromie Director Entrance Properties	Purchase of leasehold land
16.09.13	Arthur and Jean Smith The Propeller Shop Ltd	Purchase of leasehold land
16.09.13	Sheryl Meara Alco Trust	Ground rental arrears
16.09.13	Tom Watson TW and CE Watson Family Trust	Ground rental arrears
16.09.13	Tony Gordon Tony Gordon Properties	Ground rental arrears

Legal compliance:

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

Recommendation:

That the former Chairman's report dated 11 November 2013 be received.

ISSUE: Chief Executive's Report to Council**ID:** A587366**To:** Council Meeting, 19 November 2013**From:** Malcolm Nicolson, Chief Executive Officer**Date:** 8 November 2013

Summary: The purpose of this report is to provide an overview of recent council organisation activity. It concludes with the recommendation that the report be received.

Report Type:	<input type="checkbox"/> Normal operations	<input checked="" 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:**5.1 CROSS DISCIPLINARY PROJECTS****Local government reform and reorganisation**

At the time of writing (7 November 2013) the Local Government Commission advised its announcement on local government reform in Northland will be made at Waitangi on 12 November (the day this agenda will be printed). Councillors and senior management have been invited to attend the event. A verbal update will be made at the council meeting.

Local Government Act 2002 Amendment Bill (No 3)

The [Local Government Act 2002 Amendment Bill \(No 3\)](#) was introduced into parliament at the beginning of November 2013. Staff have started their analysis of the Bill and its implications for council. Key areas council will be interested in are:

1. The emphasis on collaboration and co-operation between councils in a region including:
 - a. Amendments to the principles
 - b. Transfer of responsibilities to regional councils, shared services, and collaborative arrangements
 - The overall objective is to ensure local authorities have a range of practicable and attractive options through which they can achieve efficiencies in the scale at which services and facilities are managed and delivered.
 - The changes appear modest, however the changes to Schedule 3, provide clear authority for the Local Government Commission, in the context of reorganisation schemes, to include Council Controlled Organisations, including joint CCOs, joint committees and other collaborative arrangements in reorganisation schemes; and allocate 'territorial authority' statutory functions (including those conferred under other Acts) to regional councils and vice versa.

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- c. The broadened scope for triennial agreements
 - requiring the inclusion of processes and protocols for identifying, delivering, and funding facilities and services of regional significance;
 - expressly authorising the local authorities within a region to constitute joint governance entities, and to identify matters to be included in the terms of reference for those entities (including delegations);
 - providing for a local authority to notify the other local authorities in the region when making decisions that are, or may have consequences that are, significantly inconsistent with a triennial agreement.
2. The requirement each triennium to review the cost-effectiveness of governance, funding and service delivery arrangements for good-quality local infrastructure, local public services and regulatory functions (and how different this might be from normal long term planning requirements).
3. The provision for local boards, based on the Auckland model, for unitary authorities outside of Auckland. (These are available as part of any reorganisation that has not had a final proposal publically notified – i.e. they would be available to Northland if the Bill was law before the Local Government Commission issued its final proposal.)
4. Changes to the council consultation and engagement processes with communities - will they in practice make a difference?
5. The 30 Year Infrastructure strategy – which will affect council's flood risk management assets but will have a greater impact on district councils.
6. The use of audio/audio visual links for meetings.

Staff will provide a more comprehensive update by 10 December 2013, i.e. by the date of the next Council meeting.

Waioira Northland Water

As previously reported, the Waioira Northland Water programme is a key council programme for freshwater management in Northland. The Environmental Management Committee is the governance entity for the programme and there have been no EMC meetings since the last CEO report. During October the inaugural meeting of the Whāngārei Harbour Catchment Group (a subcommittee of the EMC) was held. Scheduled catchment group events at the time of writing this report include:

- A field trip for Mangere Catchment Group members on 7 November commencing at 5.30pm.
- A joint workshop for all three catchment groups about collaborative group working (14 November, 6pm)
- Doubtless Bay catchment group workshop scheduled for 20 November at 9am.
- Mangere Catchment Group workshop scheduled for 27 November 2013.

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- Whāngārei Catchment Group workshop scheduled for 12 December at 6.30pm.

Further information about the project is available on the [NRC Waioira Northland Water website](#) pages. A full report on the activities of Waioira Northland Water will be provided in the next EMC agenda.

5.2 RESOURCE MANAGEMENT

Plan Change 4 (Aquaculture) to the Regional Coastal Plan

No change from the status reported to council on 6 November 2013 in the CEO Report (Item 4.0, page 2).

Moorings and Marinas Strategy

Council approved the development of the Moorings and Marinas Strategy at its deliberations on the Long Term Plan 2012-2022. The role of the strategy is to set out how council will provide for the future demand of moorings and marinas. A draft of the strategy was released for public feedback earlier this month.

A paper is included in this agenda which recommends that council delegate the hearing of submissions to a hearing committee.

Developing a new Regional Policy Statement (RPS)

Council adopted the Hearing Commissioners' recommendations at its September 2013 meeting. Submitters were notified of the decisions and the period for lodging appeals to the Environment Court finished on 15 November. At the time of writing (5 November) only one appeal had been received – Whāngārei District Council. An update on any other appeals received can be provided at the council meeting.

Other Resource Management Issues

Land use and subdivision applications

During October 2013, 23 resource consent applications were received from the district councils (1 notified and 22 non-notified). No comments or submissions have yet been made on these applications.

District Council Plan Changes

There were no proposed changes to district plans received by council in the Northland region during October 2013. The Auckland council notified its Proposed Unitary Plan 30 September 2013. This is a combined regional and district planning document comprising ten volumes of text and three map volumes. Staff are currently assessing the proposed unitary plan with a particular focus on integrated management and cross boundary issues. Submissions on the proposed Auckland Plan close 28 February 2014. Where time permits, any planning issues will be reported to council prior to any submissions being lodged.

Consents***Consents in Process***

During October 2013, a total of 22 Decisions were issued. A copy of these decisions is circulated under separate cover. These decisions comprised:

2	Moorings
1	Coastal Permits
0	Air Discharge Permits
3	Land Discharge Permits
4	Water Discharge Permits
5	Land Use Consents
4	Water Permits
3	Bore Consents

The processing timeframes for the above consents ranged from:

- 1234 to 3 calendar days, with the median time being 28 days;
- 853 to 1 working days, with the median time being 20 days.

31 Applications were received in October 2013.

Of the 114 applications in progress at the end of October 2013:

52	were received more than 12 months ago (most awaiting further information);
12	were received between 6 and 12 months ago (most awaiting further information);
50	less than 6 months.

Appointment of Hearing Commissioners

No commissioners were appointed in October 2013.

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

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

▪ Applications Publicly/Limited Notified During Previous Month	1
▪ Progress on Applications Previously Notified	10
▪ Hearings and Decisions	0
▪ Appeals/Objections	5

A more detailed summary of the above activities can be found in **Attachment 1**.

Monitoring

Compliance Monitoring

A summary of the results of compliance monitoring for the period 1 October – 31 October 2013 is provided in the Environmental Monitoring Report (see **Attachment 2**).

Air discharges

Ten compliance assessments for air discharge consents, including five industrial site visits, were made during October. The assessments confirmed that all the discharge consents were being complied with.

Ballance Agri-nutrients has ceased its acid and fertilizer manufacturing operations at its Whāngārei site. The acid plant was shut down in May this year and fertilizer manufacturing ceased in mid-October. The site was one of the biggest sources of sulphur dioxide in the Whāngārei airshed and so it is expected that levels of sulphur dioxide recorded by the continuous air quality monitoring device at the Robert Street will fall.

Ambient air monitoring results for PM₁₀ dust, sulphur dioxide and carbon monoxide at Robert Street, Whāngārei, showed compliance with the National Environmental Standard for Air Quality (NES) during September 2013. Monitoring results for PM₁₀ at the Bream Bay College, Ruakaka, also showed compliance with the NES during September 2013.

Twenty-four air quality related environmental incidents were received during October, 15 of which related to burning and smoke nuisance.

Coastal

A total of 47 consented activities were monitored during October, 26 of which were included in the report provided to the council at its 6 November meeting. Of the remaining 21 consented activities not previously reported, 18 were found to be fully compliant, two were non-compliant and one was significantly non-compliant. The significant non-compliance related to the communal sewage discharge at Ota Point, Whangaroa, which resulted in the council taking formal enforcement action.

Kaipara Harbour water quality sampling was undertaken this month (as scheduled). The results indicated that nutrients were generally above relevant guidelines, and faecal indicator bacteria and water clarity were within relevant guidelines. Biannual sediment plate measurements were undertaken at both Kaipara and Ruakaka to determine current sediment accumulation rates.

The Chief Executive Officer signed the Memorandum of Understanding between the council and the New Zealand Oyster Industry Association relating to the setup of the Association's proposed trust fund scheme to cover the costs of remediating abandoned oyster farms in Northland (see **Attachment 3**).

Hazardous Substances

The chemical collection programme disposed of 265 litres of industrial flammable solvent-based waste during October.

Two potential hazardous substances incidents were reported during October. These involved rubbish dumping at a farm and poison pellets found on a beach. Two further

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reported incidents, involving suspected dog poisoning and a light plane crash, were subsequently found not to involve hazardous substances.

Eleven enquiries regarding contaminated land were received and responded to during the month.

Land use monitoring

A total of 17 consented activities were monitored during October, 14 of which were found to be fully compliant, two non-compliant and the remaining one significantly non-compliant. The significantly non-compliant consent pertained to a quarry site in the Hokianga area, where the quarry owner undertook to take immediate remedial action.

Water quality and discharge monitoring

A total of 27 consented activities were monitored during October, 24 of which were found to be fully compliant and the remaining three non-compliant.

Farm Dairy Effluent (FDE) Monitoring

To date about 48% of the 1,009 planned FDE inspections have been completed and reported on. The results for consented and permitted activity farms are tabled below. At this stage, the compliance rates for consented farms look very similar to last year. The significant non-compliance rate for non-consented farms has risen from 29% (this time last year) to 34% this year.

Consented FDE discharges

A total of 314 consented farms have been visited and reported on. This is about 42% of the total consented farms to be visited.

Full Compliance		Non-Compliance		Significant Non-Compliance	
This Year	Last year	This Year	Last Year	This Year	Last Year
182	313	65	100	67	105
58%	60%	21%	20%	21%	20%

Non Consented FDE discharges

A total of 167 non-consented farms have been visited and reported on. This is about 62% of the total non-consented farms to be visited.

Full Compliance		Non-Compliance		Significant Non-Compliance	
This Year	Last year	This Year	Last Year	This Year	Last Year
73	112	37	32	57	59
44%	55%	22%	16%	34%	29%

Summary tables have been added to the Environmental Monitoring Report report (see **Attachment 2**) for the main reasons of significant non-compliance.

During October, FDE monitoring staff gave presentations at two meetings arranged by AgITO for farm managers and sharemilkers who aspire to own their own farms. There were 23 attendees at the meetings. Staff also met with the owners of Fresha Valley

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Processors, who have six suppliers in Northland. Fresha Valley's approach to environmental compliance is to write conditions in their milk supply contracts which require compliance with regional plan rules.

Environmental Incidents

A summary of environmental incidents for the period 1 October – 31 October 2013 is provided in the Environmental Monitoring Report (see **Attachment 2**).

Enforcement**Abatement Notices**

There were 43 abatement notices issued during October. These were for:

- FDE (39)
- Illegal activity in CMA (1)
- Earthworks (2)
- Industrial/trade discharge (1)

Infringement Notices

There were 44 infringement notices issued during October. One was for a contaminant discharge via the stormwater system and one for earthworks. The remaining forty-two were for FDE discharges, as detailed below:

- Discharges from feed/standoff pads (6)
- Non-compliance with an abatement notice (14)
- Discharges from irrigators (10)
- Discharge from silage area (1)
- Discharge from wintering barn (1)
- Discharges from race/high traffic areas (3)
- Discharges from multiple sources (3)
- Discharge from an open hose (1)
- Dead stock (3)

Formal Warning Letters

There were no formal warning letters issued during October.

Other Enforcement**Waitangi River, Kaimaumu Swamp, Manganui River, Okahu, Houhora Service Station**

There has been no change from last CEO report to council, dated 6 November, Item 4.0, page 7.

Biosecurity***Community Pest Control Areas (CPCA)*****Hikurangi**

Over the last two months, staff have assisted a group of Hikurangi based farmers to establish over 200 bait stations across approximately 3,000 hectares of forest and farmland. The CPCA has a goal to restore kiwi and wipe out predators, such as stoats, wild cats and possums, most of which are being directly targeted using traps. In addition, secondary poisoning of some pests is also predicted to occur as a result of them consuming dead rats which have been poisoned. By combining secondary poisoning with a well maintained trapping regime, it is hoped this CPCA will have more kiwi chicks survive to adulthood. (The risk to native bird populations from secondary poisoning is low - widespread dieback of non- target bird species such as harrier hawks has never been observed when this kind of pesticide is used in bait stations, however as a precautionary measure second generation anticoagulants are not used exclusively nor routinely as a control technique when restoring kiwi populations.) Other potential benefits of this regime are likely to be increased native and introduced bird species, as well as more flowering and fruiting of native plants.

Whatoro

In another CPCA located at Whatoro, staff and contractors are controlling kiwi predators which complements the kiwi protection underway in the Trounson Kauri Park Mainland Island. This CPCA involves DOC, Hancock Forest Management, private landowners and NRC. During spring and summer contractors are completing three weekly checks of trap lines in native forest remnants and have reported declining populations of stoats and weasels due to the trapping effort which will benefit kiwi.

Biosecurity – Enquiries

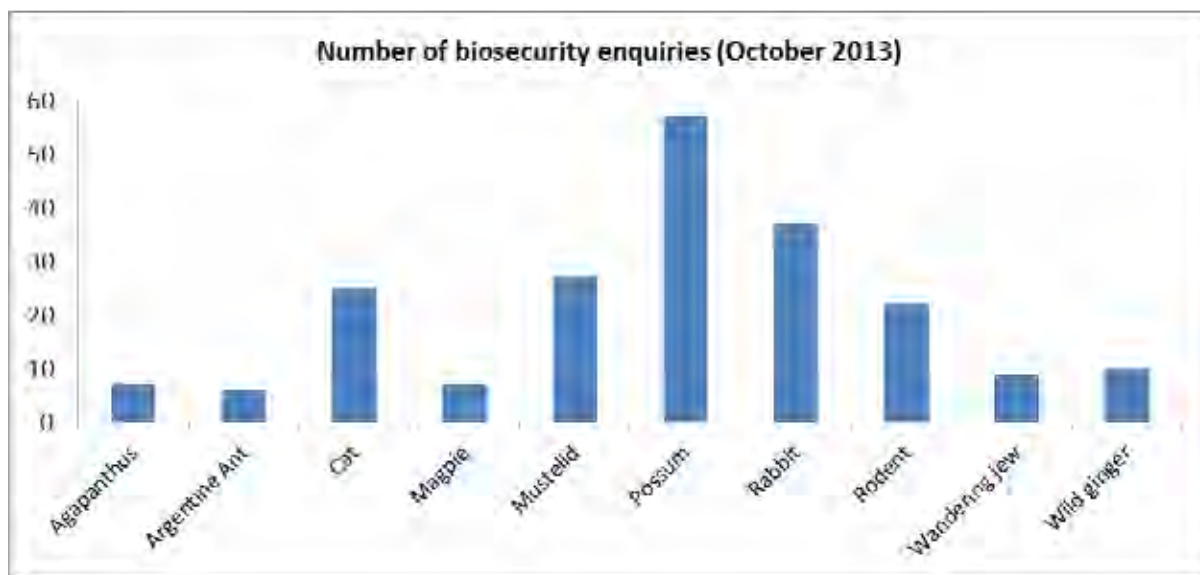
Biosecurity officers logged 290 enquiries in the IRIS database during October. Enquiries were logged for more than 20 different animal species, 20 different plants and 4 marine species. Many enquiries received by the biosecurity team involve multiple species, and as each species requires its own advice, each is counted as a separate enquiry for the purposes of reporting.

Subject	Total
Animal	213
Freshwater	0
Marine	9
Plant	65
Public awareness/Education	3
Total	290

The ten species most common for enquiries during October are shown in the following graph. As expected, the number of enquiries is increasing as we approach summer. The number of possum enquiries has remained consistently high, but there has been an increase in enquiries received during October about other animal pests such as cats, mustelids, rabbits and rodents.

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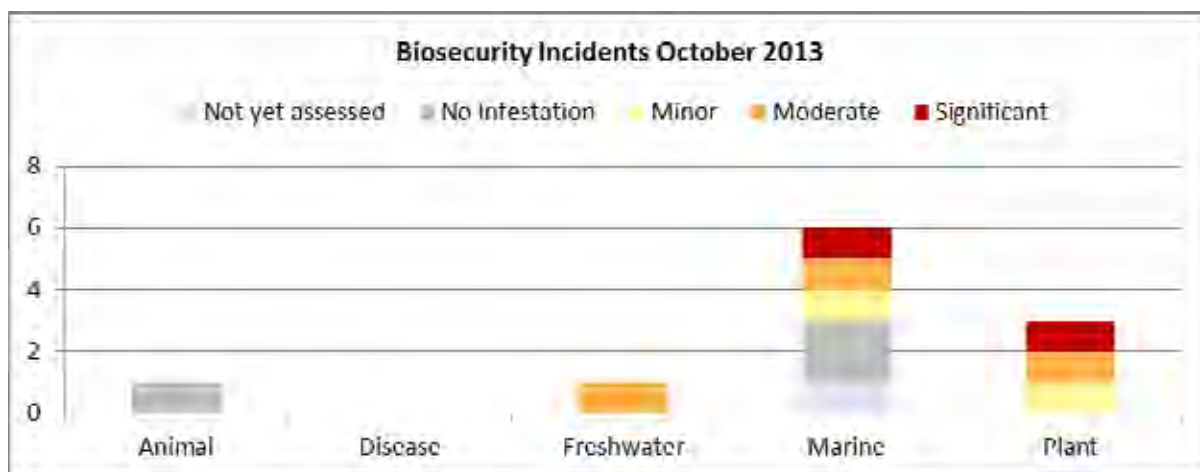
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**Biosecurity incidents**

Biosecurity incidents include:

- Potential breaches of Regional Pest Management Strategy (RPMS) rules;
- Potential new incursions of RPMS exclusion or eradication species; and
- Potential incursions of pest species not currently known in Northland, and not in the RPMS, but which may pose significant risk to Northland.

During October the Biosecurity team logged 11 incidents in the IRIS database, as follows.



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Table 1: Moderate and Significant Biosecurity Incidents (October 2013)

Date	Species	Description	Significance	Notes
2/10/13	Koi carp	Koi carp- possible incursion, Paparoa	Moderate	18 Koi carp removed from water trough.
4/10/13	Mediterranean fanworm	Sabella- Vessel: Galilee, infested	Significant	Vessel slipped in Whāngārei and cleaned of fanworm
16/10/13	Mexican feather grass	Nasella tenuissima site found, Hihi	Significant	Plant identification and legal status information provided to landowner. Plants removed with landowner cooperation. Site will be incorporated into existing management programme for follow up visits.
17/10/13	Mediterranean fanworm	Sabella- Vessel: McCallum barge, infected	Moderate	Slipped in Whāngārei, juvenile fanworm, cleaned and treated
22/10/13	Mexican feather grass	Mexican feather grass site, Kerikeri	Moderate	Plant identification and legal status information provided to landowner. Plants removed with landowner cooperation. Site will be incorporated into existing management programme for follow up visits.

Pest Plants**Yellow Flag Iris**

Yellow Flag is an eradication plant in the Regional Pest Management Strategy and so far this year 30 sites have been sprayed from Opuawhanga to Mangawhai, with more planned for spraying in the coming months. Staff are working with DOC staff to ensure all known records of this water weed are followed up.

**Manchurian Wild Rice**

This year's spray programme has begun and contractors will be working their way across more than 330 sites around Dargaville over the coming months to prevent regrowth of this weed which can affect drainage, pasture growth and also smother wetlands.

Pittosporum (Pittosporum Undulatum)

A new site of the pest plant pittosporum (undulatum), located on Pouto Road, Pouto – Clarks Bay was reported. This highly invasive shrub/tree is native to south-eastern Australia - invasive in other areas of Australia and other countries, including: USA (Hawaii), Jamaica, South Africa and Brazil. Pittosporum (undulatum) invades native forest areas, shades out native plants and leaves contain toxins that can inhibit the

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growth of other plants. Staff located and treated twelve trees, by applying herbicide gel to tree stumps.

Working with other agencies

An agreement has been reached with the Department of Corrections (Ngawha) to make "DOC 200" boxes for the NRC. These boxes are used to enclose stoat traps supplied to community based pest control schemes and Environment Fund recipients. NRC will supply the materials for the boxes while the construction of the boxes will not be a cost to NRC. In return for providing the labour, NRC will provide training to a selected group of Ngawha inmates on trapping skills using a variety of pest control traps. This will enable the Department of Corrections to undertake pest management on 200 hectares of their own land at Ngawha.

Paparoa Primary School

Dargaville staff received letters and a certificate of appreciation from the Paparoa Primary School, for supplying five DOC 200 stoat traps as sponsorship for the school's annual fundraising event (Possum Purge), held in September 2013. The event enabled the school to fund the purchase of computer active boards for two junior classrooms.

Pest monitoring

The use of remote sensors is an emerging new tool for pest monitoring and trail cameras have been used recently to monitor feral pigs and capture video footage of how rats and possums interact at bait stations during the night. This footage clearly shows which pests are interacting with the stations and when this occurs. Interactions at the new gas powered rat traps show possums dominating this device and rats unable to feed which raises concern about the effectiveness of some of these new designs.

Land Management***Environment Fund***

The next round of assessment and approval for funding applications is set for mid-November and could include around 20 projects, with a value of between \$70,000-\$100,000.

CoastCare

CoastCare site visits were made to Hukatere, Tokerau Beach and Taipa to inspect planting and fencing work undertaken with assistance from Environment Fund grants.

A planting day was held at Hukatere with Pukenui School. Spinifex and pingao were planted in a dune blow-out to encourage sand build-up. Temporary fencing had been put in place to protect the plants from vehicles and feet.

Corrections Department Nursery

During October staff met with Department of Corrections staff at the Ngawha Prison site. The prison currently has a small horticultural unit where they run training courses and they hope to develop a large native plant propagation and growing facility.

NRC could potentially play a role in putting the Department in contact with projects that may require large numbers of plants. It would be important that we do not undermine local commercial nurseries but there is an opportunity to support

community projects such as the Northland College farm that are unlikely to purchase large numbers of plants from existing sources.

Flyger Road NRC Property Water Reticulation and Stock Fencing

A tender is being prepared for the installation of a farm water reticulation system and fencing to exclude stock from bush, wetlands and waterways on an NRC owned property at Flyger Road, Mata. The tender is scheduled for release during November.

Wetlands

Staff and the Dargaville QE II representative inspected two Top Wetlands on Omamari Station (Landcorp). It is proposed to fence and covenant large areas of wetland that are contiguous with the Omamari and Maitahi Wetlands, which are managed by DOC. An application for Environment Fund assistance is anticipated.

Staff received an enquiry from a farmer who was contacted by NRC as part of the top wetland project over a year ago. As a result staff will assist the Department of Conservation to put together a Nature Heritage Fund (NHF) application to purchase the wetland. Council involvement will be to help with a survey of the wetland and to provide a letter of support to the NHF, who would fund the purchase.

5.3 RIVER MANAGEMENT

Awanui

The tender for the Awanui maintenance works closes 31 October.

The consultants are progressing with the river model verification runs following adjustments to the channel network. The model will then be used for preliminary design configuration, which will be workshopped with the liaison committee early next year.

Kaeo-Whangaroa Rivers

A start-up meeting for the Kaeo River Scheme Stage 1 works was held with the contractor on 25 October. Works are scheduled to commence on 2 December.

River maintenance work is underway in the Whangaroa Rivers catchments following site visits with local residents and liaison committee members.

Staff are awaiting confirmation from the FNDC on its agreement, or otherwise, to reapportion part of its funding contribution for two flood vulnerable Kaeo homes that are eligible for the funding assistance from central government and FNDC. Staff have been advised that the matter will be put before the November FNDC meeting.

Kerikeri-Waipapa River

Staff met with the main potentially affected landowner of the proposed Kerikeri River flood scheme spillway proposal. Bridging of the spillway will be required to ensure the landowner's future proposed use of the land is not compromised and that the proposed scheme can proceed. Staff will refine the design to incorporate a bridge and prepare this along with the additional sensitivity analysis before meeting with the liaison committee in February.

With the spillway in place the river model predicts an increase in flood level at the Stone Store of approximately 150mm. The predicted 100yr flood level is still much lower at Kemp House than when the old Stone Store Bridge was in place. Staff and

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liaison committee member Mr Fred Terry met with a Historical Places Trust (HPT) representative to discuss options for mitigating flood risk around the Stone Store and Kemp House. Staff have scheduled a river bed level survey and will prepare some options for further discussion with HPT and the liaison committee.

The Kerikeri-Waipapa/Waitangi River maintenance tender closed on 7 November 2013.

Kaihu River

Three tenders were received and are currently being evaluated for the Kaihu River works.

Whāngārei Urban Rivers

Staff are progressing options for land ownership either with WDC staff where the dam footprint or flooding extents encroach onto WDC reserve land.

Staff are also progressing the in-house design and survey for the walkway and footbridge crossing that will also carry gas and wastewater services. Final specifications and tenders are being prepared for gas, electricity, fibre, waste water and water services relocation, with works scheduled for summer 2014.

Building consent application has been lodged with Waikato Regional Council who have the delegated authority to process large dam consent applications on behalf of NRC.

Expression of Interest for Gravel Extraction – Kaeo and Waitangi Rivers

Three contractors have expressed interest to extract gravel of between 1,000m³-4,000m³. Two contractors are working with FNDC and have sampled material for cycle tracks, and the third is looking for material suitable for horse training facilities. A number of small users wanting 10 or less truckloads have also expressed interest. Staff will continue to liaise with the contractors to facilitate extraction.

Flood Plain Mapping

The flood maps for Kaeo and Waitangi were published on the NRC website on 29 October 2013. Approximately 600 letters were sent to affected property owners notifying them of the flood maps. Several enquiries have been received by staff in response to the letters. Flood maps for Kerikeri-Waipapa and Whāngārei will be published in late November and affected property owners notified by letter.

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Minor River Works

Staff have designed timber groynes and rock-armouring for Pawarenga Stream and have applied for resource consent. The works are designed to reduce the outer river bank scour that is threatening to short circuit the river loop and the main bridge to Pawarenga settlement. The following table provides an update of other minor works.

River	Description of Work Programmed for Current Season	Proposed Date for Physical Works
Awanui - Bells Hill Drains	Clean Drains	Complete
Manganuiowae Stream Broadwood	Stream bank protection on corner	March 2014 (if budget)
Pawarenga Streams	Clear vegetation and drains near Marae	Jan 2014.
Rotokakahi @ Pawarenga Bridge	Fence and plant river bank and provide erosion protection measures upstream of road bridge	Jan 2014.
Mangamuka	Rock armour bend adjacent to Catholic Church and Marae	Feb 2014.
Waihou/Rahiri-Rangiahua	Continue to lower berm along Rahiri Settlement Road	Jan 2014.
Panguru and Lower Waihou	Gravel management around bridges	Jan 2014.
Waitangi	Haruru Falls RC Application & remove shingle island	Complete
	Gravel extraction at Top Energy	Jan 2014.
	Gravel management at Lily Pond	Jan 2014.
	Willow spraying/removal	Dec 2013.
Waima	Tree removal and channel clearance at Otatara Marae Bridge	Feb 2014.
Whirinaki	Gravel extraction at SH14 Bridge	Feb 2014.
Awapokonui/Pakanae	Weed spray from SH14 Bridge upstream	Dec 2013.
Waimamaku	Tree management	Dec 2013.
Otiria	Spillway Resource Consent	Ongoing
Otaika	Willow spraying/removal	Dec 2013.
Ruakaka	Mangrove removal at bridge	Jan 2014.
Waipu	Fallen tree removal at the Braigh	Complete
Contingency	Emergency/Flood Damage Response/Project Contingencies	N/A

HYDROLOGY**Water Metering Regulations Compliance Update**

There are a total of 90 consented water takes in Northland that have a rate of take greater than 20 litres per second and the consent holders were required to have an appropriate water meter installed by 10 November 2012 in keeping with water metering regulations requirements.

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During mid-2013 staff sent letters to 11 consent holders who still required meters to be installed, informing them that if they had not complied by 30 September 2013 formal enforcement action would be taken to force compliance. Subsequently, compliance was achieved and no enforcement action was required.

The second stage of the water metering regulation require those consent holders taking water at a rate of 10l/s to 20l/s to have appropriate meters installed by 10 November 2014. There are 16 consent holders taking water within these limits. In July 2013, letters were sent to all consent holders advising them of the regulation requirements. As at the end of October, one consent holder is not taking water while three already comply with the regulations.

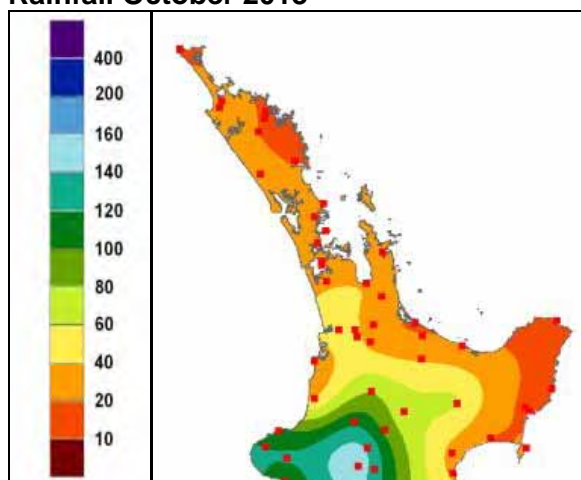
During November staff will follow up with all consent holders involved with implementation of stage two.

Rainfall, Ground Water and River Flows

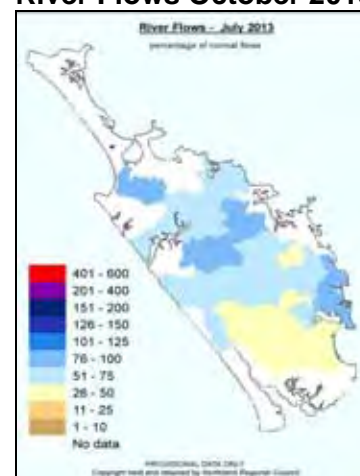
- Well below average rainfall for October over the whole of Northland.
- Rainfall deficits at the main Northland centres from January 2013 to the end of October 2013 were; Kaitiaki -288mm, Kaikohe -98mm, Kerikeri -434mm, Dargaville -335mm and Whangarei -417mm. Regionally, 245mm of this rainfall deficit was attributed to the 2013 drought months; January, February and March.
- Strong westerly winds were predominant during the month.
- Soil moisture deficits recorded at the main Northland centres very high for this time of year.
- Groundwater level monitoring indicates most aquifers across Northland are near average levels; the exception being those aquifers at Kaikohe and the southern sites at Tara and Mangawhai. The levels in these aquifers are low for this time of year having not receiving the expected winter rainfall recharge
- River flows were well below average over the region.

A detailed report on current and forecasted climate conditions for this summer is included on this agenda\ will be included on the agenda for the Environmental Management Committee meeting to be held 26 November 2013.

Rainfall October 2013



River Flows October 2013



Rainfall map sourced from NIWA National Climate Centre

5.4 ECONOMIC DEVELOPMENT

I am liaising with the Ministry of Primary Industries to clarify statements made in its report, "[Northland: Potential for Primary Industry Growth](#)"¹.

Northland Inc has signed a Memorandum of Understanding with Hawaiki Cable, which is planning to build a 14-000km cable system between New Zealand (with its "landing site" on Northland's east coast), Australia, Hawaii and the US west coast. The current stage of due diligence has been completed and the company is now seeking both funds and customers. Once that's completed to the agreed levels set out in the MOU, Northland Inc will start another phase of due diligence.

5.5 HAZARD MANAGEMENT

Civil Defence Emergency Management

MetService warnings and activations

There have been two watch/warnings issued in October. The first was on 8 October which was a thunderstorm watch and the second on 12 October which was a level 2 volcanic alert for White Island. These events were monitored by civil defence personnel and no activation was required by the Civil Defence Emergency Management (CDEM) sector.

Civil Defence Emergency Management Activities

Community Resilience Resourcing

Shona Morgan joined the CDEM Group on 29 October as a full time officer on a one year contract. Previously the welfare manager for the WDC, she will concentrate her efforts supporting Community Resilience projects, particularly the Vulnerable Groups and Community Response Plan reviews.

The planning and implementation of the KDC Emergency Operating Centre, funded by the National Resilience Fund, has started with the first drawdown of \$18,000.

Kim Abbott, Civil Defence Officer, presented the Northland Business Continuity workshop programme to Civil Defence staff in Invercargill, Waimakariri, Christchurch and Timaru. Funded by the National Resilience Fund, these groups are keen to introduce the programme into their communities.

Lifelines Group

A debrief following the September tsunami exercise was undertaken by the Northland Lifelines Group on 30 October. The feedback was considered and positive but also identified a number of areas for follow up, particularly in regards to protocols and procedures around the use of the Emergency Management Information Systems (EMIS). Given that this is the first Lifelines Group in the country to undertake an exercise based on EMIS, the information gathered will be disseminated to the National EMIS working party.

Welfare Advisory Group (WAG)

The Ministry has now distributed the final draft of the Welfare Services section of the revised National Plan to all national level agencies. There are a number of significant

¹ See: <http://www.mpi.govt.nz/Default.aspx?TabId=126&id=2053>

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changes to the current arrangements and structures and this will have an impact on our Northland WAG. These have been scheduled for implementation and discussion at the first WAG meeting in 2014.

The revised Welfare Plan for KDC has been completed with input from stakeholders and Iwi policy advice. This has been distributed to WAG members for comment.

Professional development

A three-day Coordinated Incident Management Course (Level 4) is scheduled for 4, 5 and 6 December. Twenty-three registrations are confirmed from a broad range of organisations including: NRC staff, Department of Conservation, New Zealand Fire Service, New Zealand Police, Northland District Health, Whāngārei District Council, Far North District Council and Top Energy. A change to government contracts has meant a reduced course fee from Tai Poutini (course provider) for a number of the emergency services and associated groups

Victoria Randall, WDC Civil Defence Officer, has completed the Post Graduate Certificate in Emergency Management from Massey University. She has undertaken this study part time over the past eighteen months.

A welfare training day to assist community response group volunteers on the set up and management of a welfare centre was undertaken at Ruakaka with more than 21 students attending from both WDC and KDC as well as representatives from NZ Red Cross.

Three EMIS superuser representatives from Northland attended a training course on the completed Welfare component of EMIS. Major changes have been made to this function to streamline and shorten the registration process. A short overview will be presented to the WAG at the December meeting with half day training scheduled for early 2014.

Tsunami readiness and response

The Review of Tsunami Hazard in New Zealand report by GNS will be presented to the Coordinating Executive Group (CEG) and other interested parties at a half day workshop after the 3 December 2013 CEG and CDEM Group meetings.

A further four new tsunami sirens have been installed into the Mangawhai area with funding from the CDEM group fund.

5.6 TRANSPORT**Regional Transport Management*****Dust on Unsealed Roads***

The Northland District Health Board (NDHB) has advised that due to resourcing issues, it has been unable to provide information for the draft Regional Dust from Unsealed Roads Mitigation Strategy. They have indicated that additional time to gather the relevant information may be needed.

“R” Funding

A workshop for the Northland Technical Advisory Group (NORTEG) will be held on Tuesday 5 November 2013 to compile a recommended list of prioritised projects to be tabled at an extra-ordinary Regional Transport Committee meeting, scheduled for 11 November 2013.

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At this meeting, the RTC is to agree and approve a final prioritised list of proposed projects for submission to the Minister of Transport in support of the application for the continuation of “R” Funding past the proposed cut-off date of June 2013.

Community Transport Fund – “T” Funding

One of the funding categories that the NZ Transport Agency (NZTA) presently uses for the distribution of funds from the National Land Transport Fund is “T” Funds. These are funds that are *“Provided to meet the transport needs for communities in areas of high socio-economic deprivation when these would not otherwise be prioritised for funding from N or R Funds”*.

A letter was forwarded to the Chief Executive Officer of the NZTA detailing the problems that some Northland communities are having with the increase of heavy traffic movement on its unsealed roads and the resultant detrimental health and environmental effects. The issue pertaining to the lack of both national and local funding to address the various affected sites was also highlighted

In an effort to mitigate this problem, the NRC is requesting that the NZTA review its policy around the eligibility criteria for the allocation of “T” Funds to include long-standing single residential dwellings in areas of high socio-economic deprivation that are close to unsealed roads used by a large number of heavy vehicles.

Financial Assistance Rate Review

No further information on the progress of the NZ Transport Agencies review of the existing Financial Assistance Rates for nationally subsidised land transport projects has been received.

Passenger Transport Administration**Total Mobility (October 2013)**

Total Mobility figures will be reported one month in arrears, as the information is not available in time to meet the agenda deadline.

City Link Whāngārei (October 2013)

(Figures include Gold Card and exclude GST)

October 2013	Month Actual	Budget	Variance	October 2012
Passenger numbers	28,736	29,667	-931	26,098
Farebox revenue (GST excl)	\$59,530	\$63,005	-\$3,475	\$58,549

SuperGold Card Scheme (October 2013)

Month Actual	Monthly Budget	Variance	Average 2011/12
5312	4,613	+223	4,790

CityLink Whāngārei

- Due to an increasing number of incidents and complaints, a security guard at Rose St has now been employed on a part time basis. He has intervened in one incident (believed to be alcohol related), and called the Police to another. He has also taken a proactive approach in passing on messages to our passengers about running times, and has given his mobile phone number to the bus company for this purpose. Skateboarders are responding positively to the encouragement not to skate on the footpath, and to watch out for the buses. Some groups who were spending large amounts of time at Rose St have moved to other areas of the city. Three parents have verbally thanked staff for the security presence (other school buses drop young children off there) and general feedback from CityLink passengers has been very positive.



First CityLink Bus back advertisement

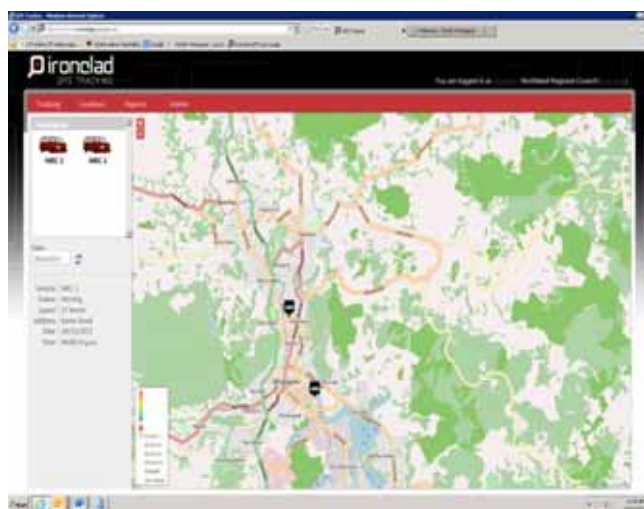
- Delays are being experienced on the Maunu route at present, particularly in peak commuter times, believed to be as a result of the SH1/SH14 intersection works. WDC has minimised these delays where possible, however it is reasonable to expect that they will continue until March/April 2014.

- The Rust Ave closure for the bridge repairs in mid December could potentially have an impact on running times as delays are to be expected at the Bank/Rust/Cameron intersection.



New Citylink advertisement style

- The new timetable was successfully launched, with drivers reporting they are managing to keep to timetable much better than previously (the impact of the SH1/SH14 works excepted). A second print of the timetables had to be ordered. No complaints have been received by staff to date about the new times, or the new format.
- Feedback on the new website has been positive, further advertising around this will follow.



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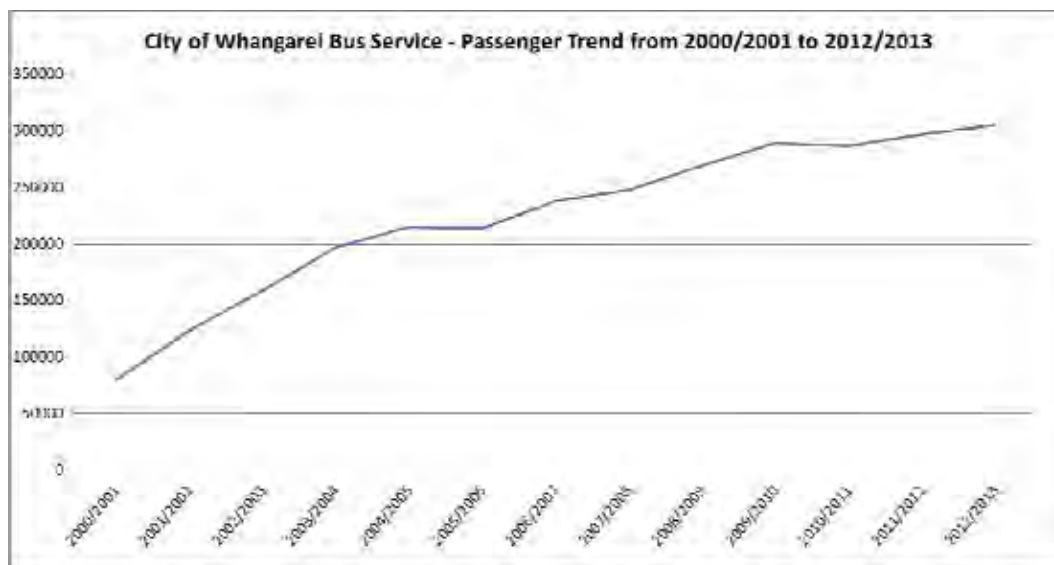
- Work continues on the “bus stop finder” website feature. This has not only expanded into being able to show the next three scheduled buses due at any one stop, it has now also been linked with the trial of two GPS tracker units. The information is being overlaid on to our www.citylinkWhangarei.co.nz website, and will show the vehicle’s progress along the route.



If the trial is successful, access to the information will be available to council, the operator, and the public. The trial will run during November and December 2013.

Passenger Trends

When NZ Bus took over the contracted city of Whangarei Bus Service in July 2008, the passengers carried had continued to rise from 269,556 for the 2008/2009 financial year to 305,737 for the 2012/2013 financial year. This equates to a 36,181 passengers for the 5 years or an average of 7,236 passengers per annum. The graph below illustrates passenger trends since 2000/01.



Mangawhai Summer Service

Work has commenced on compiling promotional material for this service which will be running for two weeks over the peak holiday period.

BusAbout Kaitia

An application to the Ministry of Transport to have BusAbout Kaitia included in the SuperGold Card Scheme (free off-peak transport to card holders) has again been declined. There is a national moratorium on new services entering the Scheme whilst the Ministry considers the future funding of the scheme.

Road Safety Update

Nationally as at Monday 28 October 2013 there were 204 road fatalities year to date. At the same time last year there were 240. The Northland road toll is 15 fatalities:

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eight in the Far North, four in the Whāngārei district and three in the Kaipara district. There were 12 fatalities for the same period last year for Northland.

The NRC continues to work closely with road safety partners across the region in various road safety action planning meetings, projects and events. The Labour Day weekend campaign saw a combined effort supporting the Police in road safety promotion across the region was very successful and productive. No fatalities occurred but some serious injuries did occur in crashes around the region including a quad bike crash on Ruakaka Beach.



A specific radio road safety message was produced warning drivers of the 'Fatal Five' risks when driving – Speed, Alcohol/Drugs, Restraints, High Risk Drivers. This was played across radio stations in Northland during the week prior to Labour Weekend. Variable Messaging (VMS electronic signs) were installed along Northland State Highway routes.



Two Fatigue Stops were held on State Highway One at Uretiti for northbound traffic on Friday (approximately 320 motorists stopped. Far North REAP also held a Fatigue Stop on the Friday on SH 1 at Waiomio which also was well patronised. Police, Ruakaka 60's Up and Brain Injury Association members supporting the Northland Road Safety Association northbound Fatigue Stop at Uretiti, on Friday 25 October 2013.

State Insurance with support from the Northland Road Safety Association, Fulton Hogan, Police, Fire and Ambulance personnel attending, held a large Driver Reviver Stop for southbound travellers on Monday 28 October 2013. This Stop attracted nearly 1700 motorists.

Navigation, Safety and Maritime Operations

Oil Spill Preparedness and Response

Staff dealt with two minor oil spill incidents during this period.

An oil spill equipment deployment exercise was carried out on Friday, 25 October 2013 in the upper Hatea River with a number of council responders participating. The aim of the exercise was to familiarise the regional council Whāngārei office staff

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responders with the new oil spill response trailer and practice the deployment of rapid response and land-sea booms, deploy the Komara skimmer and setup a frame tank. Organisations involved were Northland Regional Council, Whāngārei Marina staff as observer and Maritime New Zealand in a support role.

Staff are reviewing the Tier 2 plan (Regional Response Plan) for its three yearly update. At the same time, the National Strategy for Oil Spill Response is also being reviewed by Maritime New Zealand. A staff presentation is planned for the December council meeting to update the council on the regional response system and updates underway.

An abatement notice was issued to the Tier 1 fuel site operating on Pukenui Wharf in Houhora as it was operating without a valid consent or a Tier 1 Plan in place. Staff have offered to assist the site operator to complete the required plans if required.

Two maritime skippers underwent training on the oil response vessel, a dedicated skimmer barge) based at Marsden Point. Six trained skippers are now available within the region to operate the vessel.

Port and Harbour Safety

Two hot work permits were issued during this period.

Two ships were piloted safely in and out of the Bay of Islands during October. One vessel cancelled due to maintenance work.

The maritime team completed an on-site survey of Mangawhai to finalise harbour safety system upgrades to be carried out post-summer. An inspection of the local harbour dredging barge was also completed.

Land Information New Zealand (LINZ) visited Northland and were escorted around Whangaroa harbour and out to Stevenson Island by the harbourmaster who provided advice on priority areas for hydrographic survey requirements for the area. LINZ plan to contract a survey of the area which will update the navigation charts to a standard suitable for electronic charts. The area was last surveyed in the 1970s. This constitutes a substantial investment in Northland by LINZ, especially following the survey of the Bay of Islands completed earlier this year.

Maritime Incidents, Enforcement and Safety

Staff dealt with 32 maritime incidents during this period. A collision between two recreational vessels and another incident involving a fire on a moored vessel, both in Whāngārei Harbour, are being investigated by staff. An incident involving kayakers needing rescuing is being dealt with in a joint investigation and enforcement role by the harbourmaster and Maritime NZ due to the history of problems with the operator.

A number of moorings related incidents were dealt with, including a written warning being issued to owners of a vessel pirating a mooring. With the weather improving and activity on the water picking up, a number of speeding incidents were reported – one verbal and two written warnings were issued.

A large commercial fishing vessel that was outbound after repairs in Whāngārei Harbour suffered an engine problem. A harbour pilot was on board as per requirements and anchored the vessel until the problem was rectified.

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A new light unit was installed on the Taipa River Entrance beacon replacing the old light system. Lights were reported as extinguished on the Albert Reef east cardinal mark, Mangonui, and the Rawene starboard buoy; a new light and battery were installed respectively.

Large logs retrieved from the Whangaroa harbour were cut up and disposed of by maritime officers after requests from locals concerned about navigational safety.

Moorings

The moorings section of the NRC website is undergoing some changes with new software being installed for sale/rent section to improve its functionality.

Other

The Bay of Islands rubbish barge will be back on the water in the Bay of Islands again this summer. The barge is a multi-agency initiative organised by the regional council and supported by the Far North District Council, Department of Conservation and local contractor East West Waste. The operation last year was very well received, and successfully removed 50m³ of rubbish as well as a substantial quantity of recycled bottles from vessels holidaying in the Bay. Because the barge was both mobile, and manned, this was the first year all the rubbish collection costs were recovered (\$2193) with support from the agencies covering the extra cost of the barge service (\$2,000 from Department of Conservation, and \$8,200 from NRC). FNDC covered the costs of recycling and recovering the rubbish from the seasonal land based sites around the Bay.

Skipper assistance was provided to other departments for site visits to the Whangaroa, Rangaunu, Kaipara and Bay of Islands harbours and to the Kai Iwi Lakes and Lake Omapere.

The regional council Maritime Programme Manager, the Deputy Harbourmaster Environment Waikato and her contractor attended training on the new Sealite aids to navigation, at its factory in Melbourne.

The maritime team completed its annual 'man overboard' safety exercise on board the council vessel Waikare followed by a run through of fire equipment and emergency procedures.

A leak in the fuel tank on the Waikare from a cracked weld was repaired. New electronic navigation equipment was installed and is being tested by the team.

5.7 – SUPPORT SERVICES

Public Communications***Media and Publications***

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

- Time running out to have your say at elections
- New bus timetables on the way for Whāngārei
- Proposed RPS wins national planning award
- Five new faces for Northland Regional Council
- Final Northland Regional Council election results in
- 35 students attend 2013 NRC Youth Summit

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- Town Basin 'oil spill' to test readiness
- Kaeo, Waitangi flood maps released
- Shepherd new NRC Chairman, Ramsey deputy
- Monthly pest watch column in Whāngārei Leader: Tradescantia
- Monthly land management column in Rural Advocate and Northern Farming Lifestyles: Get a customised farm water quality plan

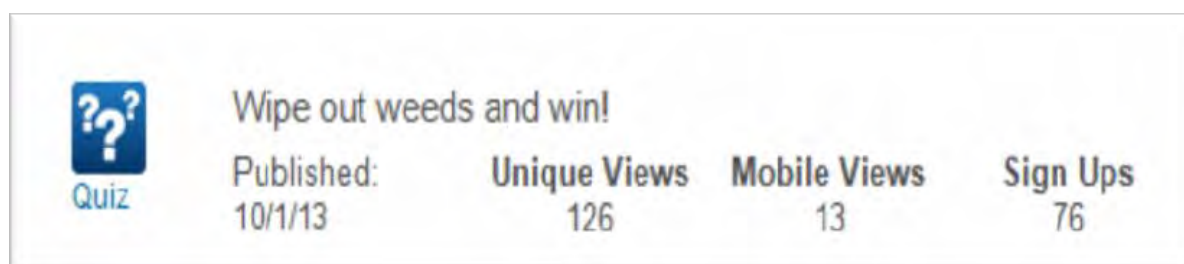
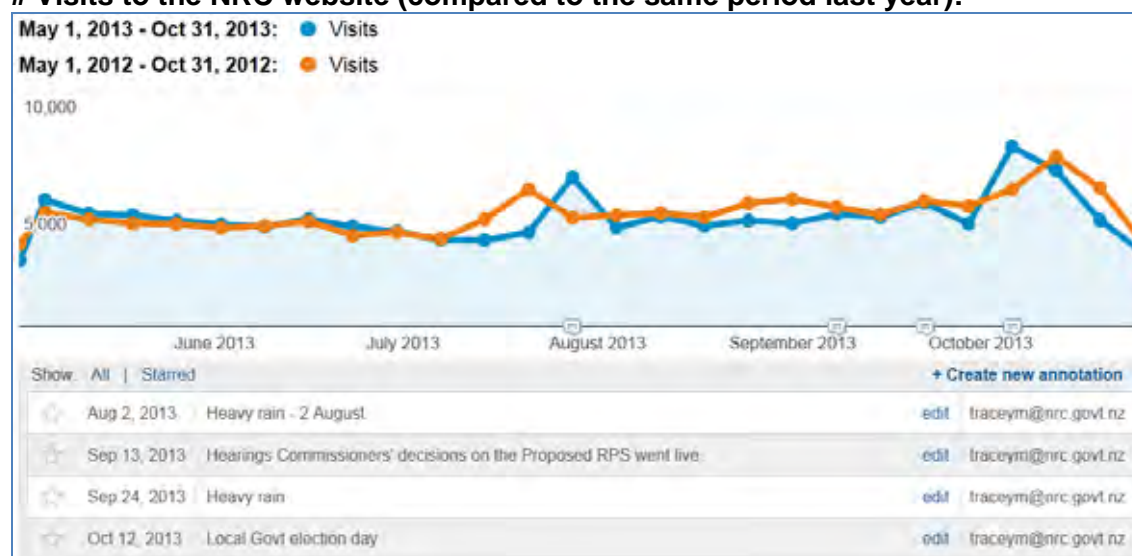
Additionally, a pre-election advisory was sent out on 1 October to provide Northland media with background information about the elections from a regional council perspective.

Publications completed during October:

- Annual Report 2013
- Summary Annual Report 2013
- Moorings strategy – Bay of Islands summary fact sheet
- Moorings newsletter Spring 2013

Online Channels***Highlights***

In October we ran our first social media quiz competition to raise awareness of common weeds and promote our presence at the Kerikeri Garden Safari in November. (Biosecurity staff have a display in one garden and provide advice to gardeners on getting rid of weeds). Campaign results are displayed on the following page:

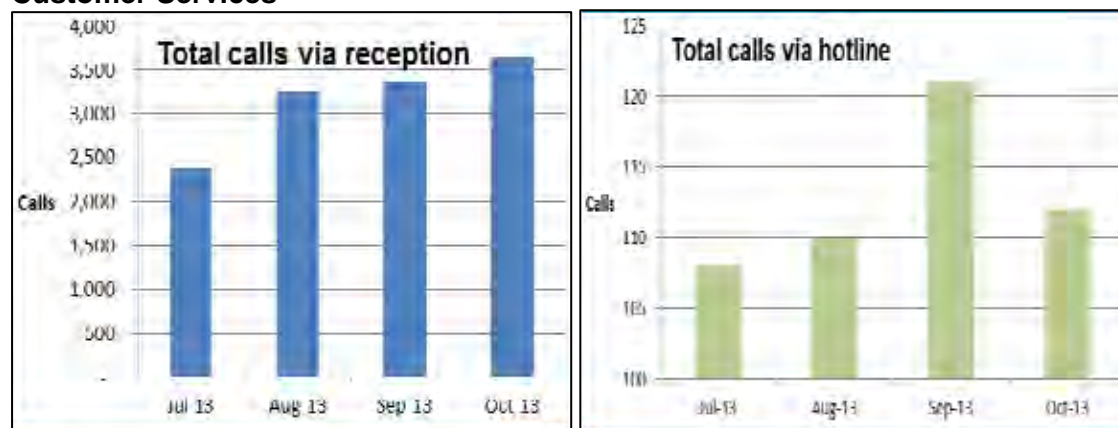
***Website monthly usage – www.nrc.govt.nz:*****# Visits to the NRC website (compared to the same period last year):**

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Note: The elections on 12 October 2013 were responsible for the spike in figures during October. (The similar spike last year was due to the interest in the Regional Policy Statement which was opened for consultation on 8 October 2012)

Key Performance Indicators	Jul-13	Aug-13	Sept-13	Oct-13
WEB				
PDF documents downloaded (Transactions)	2,287	2,018	2,877	3,214
\$ Print value of documents downloaded	\$4,101	\$4,358	\$29,984	\$30,648
E-payments made	2	7	4	7
GIS Service - Number of unique visitors	319	309	308	368
GIS Service - Number of visits	596	522	520	645
# subscription customers (cumulative)	786	815	826	861
SOCIAL MEDIA (cumulative)				
# Twitter followers	557	572	585	596
# NRC Facebook fans	309	319	339	347
# CDEM Facebook fans	399	406	476	487
# CoastCare Facebook fans	98	101	105	107

Customer Services

Note: The increase in calls during September was largely due to an increase in smoke nuisance and sewage spill related calls.

Events***Westpac Northland Business Excellence Awards***

The Westpac Northland Business Awards dinner and ceremony was held on 25 October at Forum North in Whāngārei. The CEO presented the Northland Regional Council Sustainable Business Award to 'Bream Head Conservation Trust'. The trust also won the Excellence in Business – Owner Operator Award and the Best Not for Profit Organisation Award. The community relations team produced two videos for the awards ceremony, one created for our award category and the other showcasing what we do.

Upcoming events

December:

- IKHMG On Farm Field Day, 7 December 2013

January:

- No public events confirmed at this time

February (TBC):

- Exhibit at Kaitāia A and P Show, 22 February 2014
- Staff member at Waimamaku Wild West Festival, 22 February 2014

Environmental Education***Northland Regional Council Youth Summit***

The annual Northland Regional Council Youth Summit was held on 17 October at the Onerahi Yacht Club in Whāngārei.

Thirty-five students from 16 schools throughout Northland gathered to discuss coastal environmental issues and what they could do to make a difference. The students developed action plans to help sort out local sustainable management challenges including lack of wetland biodiversity knowledge, poor water quality and erosion.

The students' efforts will contribute to the health of Bay of Islands, Hokianga Harbour, Houhora Harbour, Kaipara Harbour, Moetangi Stream (Mitimiti), Ngunguru Estuary, Rarawa Beach, Waipu Estuary and Whāngārei Harbour

More about the event – including the students' action plans, can be found at www.nrc.govt.nz/youthsummit

Enviroschools***Enviroschools in the Early Years professional development held***

On 7 October a half day professional development workshop for kindergarten teachers was held at Manaia Kindergarten. The theme of the workshop was outdoor environments within the context of the Enviroschools in the Early Years programme. Teachers explored Atua kaitiaki (guardians of particular realms), experienced close encounters of the sensory kind and built insect hotels. The three kindergartens in the programme led the day. Feedback from the day was all positive including: "very relevant and easy to implement into our learning environment" and "I believe this professional development has helped me to understand the importance of getting in touch with our nature environment and teaching our tamariki (children) about their nature environment".

Bronze and Silver Enviroschools celebrate their success

The Enviroschools Programme provides a structure and a set of tools for acknowledging progress and celebrating student-led action and learning. This framework, beginning with Bronze, then Silver, through to green-Gold, is also a way to inspire and engage the wider community.

During October, celebrations took place at Kokopu (Bronze), Okaihau Primary (Bronze), Oromahoe (Silver), Otaika Valley (Bronze), Parua Bay (Bronze), and Umawera (Silver) Schools. Councillors Brown and Carr presented framed certificates to the Bronze Enviroschools and unveiled signs at the Silver Enviroschools. Each

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school appreciated the council in unique ways, including Powhiri, tours of sustainable practices, power point presentations and speeches from students and Board of trustee members alike.

National catch-up for the Enviroschools WaiRestoration project

On 23 October, the Enviroschools Northland team met with the Chief Executive of the Enviroschools Foundation to touch base regarding the WaiRestoration Northland pilot project. The various components of the project were discussed in light of furthering the pilot into 2014 and the future roll-out of the project nationally.

Enviroschools plant up a streamside at Hewlett Road

On Friday 25 October, a planting day to create a biodiversity corridor was held at the council's Hewlett Road property. Members of the Land Management and Enviroschools teams joined up with students, teachers and whanau (family) from Otaika Valley and Ruakaka Schools. In addition to getting the plants in the ground, the students learnt about riparian zones and specific species. It was encouraging to see the schools embrace the Enviroschools principle of 'Sustainable Communities' by working in their local community to effect long-term change.

Facilitation of Enviroschools communities

In addition to the above actions, Enviroschools facilitators have worked in the following school communities during October: Broadwood, Kaikohe Christian School, Kamo High School, Kokopu, Mangakahia, Northland College, Okaihau Primary, Orewa, Oromahoe, Otaika, Parua Bay, Ruakaka, Tauraroa, Te Kura Kaupapa Maori o Kaikohe, Umawera and Whananaki.

Iwi Liaison***Pōwhiri for incoming Council***

October 30 saw the inaugural meeting of the new council. Preceding this, a pōwhiri was held at the council's Water Street office. Kaumatua, Te Warihi Hetaraka, Te Pania Kingi, Hohepa Rudolph, Pereri Tito and Whaea Ani Hemara assisted council in welcoming councillors.

Environmental Management Plan Fund

An application was received from Te Rūnanga o Ngāti Rehia during September to jointly fund the review of their Environmental Management Plan (2007). The Rūnanga has been working with the Far North District Council and now seek to have involvement from the regional council.

A meeting was held with representatives of the Rūnanga to discuss where the project is currently at and how the council might best assist the project moving forward. The Iwi Liaison Officer has sought further information. The application is still being assessed.

Joint Iwi Monitoring Fund

The Puhipuhi/Whakapara project to test for the presence of heavy metals in water continues and has now completed its fourth sampling run.

Staff and representatives from the hapū Ngāti Hau continue to work as a collective on this project which continues to be supported by local land owners who provide access to sampling sites.

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It is anticipated that at least one of the sample runs to test for the presence of metals in sediment may be able to be undertaken before the end of the year. This particular sampling requires a weather event (long dry periods followed by rain) for appropriate conditions for sampling.

It is anticipated a preliminary analysis of initial results will be available in the December CEO report.

Treaty Settlements

Week five of the Waitangi Tribunals hearings into the Northern Claims District, in specific Ngā Hapū o Whāngārei Terenga Paraoa (Whāngārei claim collective area) was held in Whāngārei during October.

While a pōwhiri for the Tribunal and Government was held at the Whāngārei Terenga Paraoa Marae the hearings themselves were conducted at the Te Kotahitanga Room of the Whāngārei District Council.

Of the five iwi in the Far North who make up the Te Hiku Forum, three have completed the ratification process with one recently initialling their agreement and now looking to have the agreement ratified by beneficiaries of the proposed settlement. Once this is complete the four settlements will enter into the passage of legislation. This is anticipated to be either late this year or by February 2014.

Meetings

The Iwi Liaison Officer accompanied two council staff members to meet with the Ngātiwai Trust Board to discuss a project being undertaken by a Whangarei Harbour Hapu collective and Northport (reseedling cockles in the Takahiwai area) and the Whangarei Harbour Catchment Group.

Members of Te Rūnanga O Ngāti Rehia meet with the Iwi Liaison Officer and staff to discuss various applications for resource consent and the Moorings and Marinas Strategy. Further meetings were scheduled between the rūnanga and Planning and Policy staff (Moorings and Marinas) as well as with consent processing staff.

Further to these discussions, the rūnanga notified council that they had employed Repo Consulting to assist them resource consent applications in their rohe. They advised that while the rūnanga has engaged a consultant all correspondence from council must be directed to the rūnanga, likewise, it will be the rūnanga who will respond to council.

The Iwi Liaison Officer has meet with staff from the New Zealand Refinery to talk about a proposal at the entrance of the Whangarei Harbour. The council will provide advice about pre-application consultation. The NZ Refinery staff were also advised to attend the Waitangi Tribunal Hearings specifically to hear evidence from Patuharakeke, Te Waiariki and Te Parawhau.

Local Government Official Information and Meetings Act requests October 2013

Name	Parent
Kirk J Announcement Hon Amy Adams Environment Minister NZ signing of the Minamata Convention on Mercury significant to Puhipuhi	CEO's office
Whāngārei Cruising Club LGOIMA request information about undersea communications cable - Bream Bay	Chairman
Taiuru K for The New Zealand Maori Internet Society re Maori language on the Internet web addresses and domains	Community Relations
Williams J for New Zealand Taxpayers Union request for council financial chart of accounts and cost centres	Finance & IT
Hon Phil Heatley request for information on consents for mining exploration and activities for Puhipuhi constituents	Consents

Human Resources

Health and Safety

There were no serious harm incidents/accidents during the month.

Four minor accidents (shoulder strain, trip, puncture wound, lower back injury) were reported and three incidents (two workstation assessments and a fire alarm activation). All these accidents and incidents have been investigated and the appropriate action taken.

On going health and safety related training and education is continuing including any training to comply with changes in legislation.

Terminations

Shireen Munday, Programme Manager – Corporate Planning and Strategy finished her employment at the Council as a result of voluntary redundancy on 4 October 2013.

Appointments

Debbi Norman commenced employment as Human Resources Advisor on 7 October 2013. Debbie works part time, three days per week on a Monday to Wednesday.

Kirsty Griggs and Dylan Dacre commenced employment as Council cadets on 29 October 2013. The cadets will be employed for 10 months and will finish on 15 August 2014.

Shona Morgan was appointed to the fixed term position of Civil Defence/Emergency Manager Officer – Community Resilience Projects with effect from 29 October 2013. The fixed term employment is for 12 months.

Vacancies

An offer of employment has been made and accepted for the position of Consents/Monitoring Officer. Expected start date is 18 November 2013.

An offer of employment has been made and accepted for the position of Communications Officer (fixed term parental leave cover). Expected start date is 25 November 2013.

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Employment Relations

The requirement for pre employment police criminal checks is to be added to recruitment policies and procedures effective from 1 November 2013.

Lisa Aubrey, General Manager – Finance and IT commenced parental leave on 21 October 2013. Lisa is expected to return to work part time in 2014 following her paid parental leave and a period of annual leave. A transfer of responsibilities and reporting have been made to cover the period when Lisa is away.

Staff Establishment

STATUS	Oct 2013	Oct 2012	Sept 2013
Full Time Permanent	131	129	132
Part Time (FTE)	11.4	11.8	10.8
Fixed Term (incl Part Time FTE)	6.9	5.4	5.9
Students/TFG and Temps	2	0	0
Vacancies	6	8	6
TOTAL FTE	157.3	154.2	154.7

Training

Course	Venue	Dates	Employees
Cisco Networking Night Classes	Whangarei	Oct – Dec 13	D Blake
Trailer Training	Whangarei	03.10.13	N Bull, R Eyre, R Griffiths, K Hansen, P Johnston, J McKenzie, F Meyer, J Perquin, M Schlesier, R Watters, N Van Tonder, S White
First Aid - Revalidation	Whangarei	03.10.13	C Gardner
MIKE II Introduction To River and Channel Modelling	Albany	14-15.10.13	T Kay
WASTEMINZ Annual Conference	Rotorua	21-24.10.13	N Bull, J Mitchell
Promapp Training	Whangarei	21-22.10.13	P Gerard, K Hansen, D Hansen, S Hicks, S Le Gars, D Norman, C Orevich, K Pabirowski
SOLGM LG Communications Conference	Wellington	21-22.10.13	M Johnson, T Lee
Microsoft Word Long Document Training	Whangarei	23-24.10.13	S Hicks, K Pabirowski, N Currey, D Evans, P Gerrard, D Norman, C Nyberg, L Shaft, L Webb
Kura Po Te Reo Course	Whangarei	Oct – Dec 13	R Ropiha
First Aid	Whangarei	30-31.10.13	J Ballinger, L Shaft.

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- Comprehensive			E Simpson
First Aid - Revalidation	Whangarei	31.10.13	D Evans, W Teal

Staff Turnover

Staff turnover as at the end of October 2013 for the past 12 months was 9.09%.

Finance and IT***Fraud declaration***

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

Finance

The net operating surplus for the four months to October 2013 is \$2.115M against a budgeted surplus of \$1.094M, resulting in an overall favourable variance for the year to date of \$1.021M. This variance arises from expenditure for the four months being behind budget by \$572K or 6% and revenue being ahead of budget by \$449K or 4%.

The full financial report for October 2013 will be presented to council at the November Audit and Risk Committee Meeting.

IRIS

The Integrated Regional Information System (IRIS) is one of the largest local government shared-services project ever undertaken in New Zealand, and won the 'Joined Up Local Government' Excellence Award at the Society of Local Government Managers annual meeting in Wellington in early November. The Northland Regional Council's role in a large-scale IT success story has been recognised with a national award for excellence. The award is shared by six regional councils who have worked together to develop and share specialist technical software needed for their core functions.

The IRIS application is now widely in use by staff at council and the development of the critical reports is now complete. As staff continue to use the IRIS application knowledge of the application is steadily increasing.

Taranaki Regional Council and Environment Southland are the next councils scheduled to go-live with the IRIS application in mid-November and early December respectively.

Infrastructure

The installation of the generator that will provide an emergency supply of electricity is complete and will be commissioned during November. Once commissioning has been completed a full Disaster Recovery (DR) test will be conducted.

Disaster Recovery (DR) work to provide redundancy of the council's internet link and remove single points of failure were completed and tested over Labour Day weekend.

Now, in an emergency where the Water Street building is destroyed, all computer services will be available via remote access from our DR site located at Hunt Street.

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Regional Software Holdings Limited

The Regional Software Holdings Limited ('RSHL') Annual Report including Independent Audit Report for the 9 months ended 30 June 2013 was received during October 2013. (Refer **Attachment 4**.)

Compliance with decision making processes:

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

Recommendation:

That the Chief Executive Officer's report dated 8 November 2013 be received.

ATTACHMENTS

1. Detailed information – Consents decisions and progress on notified applications in process, objections and appeals.
2. Environmental Monitoring Report for the period 1 October – 31 October 2013
3. New Zealand Oyster Industry Association Incorporated and Northland Regional Council Memorandum of Understanding
4. Regional Software Holdings Limited ('RSHL') Annual Report including Independent Audit Report for the 9 months ended 30 June 2013

ATTACHMENT 1

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

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

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

NOTIFIED APPLICATIONS

Applications Publicly/Limited Notified During Previous Month

Applicant	Proposal	Notification Period	Comment
New Zealand Transport Agency APP.030711.01.01	State Highway 1 realignment at Akerama, Hukerenui	9 October – 11 November 2013	Publicly notified jointly with the Far North District Council.

Progress on Applications Previously Notified

Applicant	Proposal	Progress
Far North Holdings Limited APP.008385.30.01	Various consents associated with a proposed pile berth extension of the Ōpua Marina	Forty submissions received, 23 in opposition, 13 in support, three neutral and one partial support/oppose submission. Fifteen submitters wish to be heard at a hearing with six submitters not indicating whether they wish to be heard or not. Processing timeframes have been extended at the applicant's request. Discussions with the applicant indicate that it will have determined the way forward for its application by the end of December 2013.
Kaipara District Council APP.009888.01.01 (<i>"Boar Hill"</i>) APP.009889.01.01 (<i>"Cattlemount"</i> and <i>"Cattlemount Spring"</i>) APP.003815.01.03 (<i>Brynderwyn Stream</i>) APP.007582.01.02 (<i>Piroa Stream</i>)	To authorise existing water takes for the public water supply of Maungaturoto. In addition, new consents are also being sought for a proposed stream flow monitoring weir	Boar Hill/Cattlemount: Four submissions received on each set of applications, one in opposition, one in support and two neutral. Two submitters wish to be heard. Brynderwyn/Piroa: Five submissions received, one in opposition wishing to be heard, and four has been in support not wishing to be heard. Agreement reached with the applicant on draft conditions. Discussion with submitters being undertaken in attempt to resolve issues. Council should be able to determine whether a formal hearing is required by 20 December 2013.

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Applicant	Proposal	Progress
Far North District Council APP.004007.01.03	East Coast Bays Wastewater Treatment Plant (Taipā) replacement discharge consents	Fifty-four submissions received, 24 wishing to be heard and 30 not wishing to be heard. Most of those oppose the current operation of WWTP. The applicant has allocated budget for an upgrade to the existing WWTP and has undertaken an investigation into potential upgrade options. The applicant is proposing to reopen discussions with submitters in late November 2013 on a way forward with this application. It is very likely though that a formal hearing will be required. Depending on the results of discussions with submitters, the Council will discuss tentative dates for a hearing with the applicant in February 2014.
Li Liangren Family Trust APP.024253.01.01	Earthworks and stormwater consents for 118 lot subdivision at Tinopai	Six submissions received (one late) with five being in opposition and one neutral. Four submitters wish to be heard. Joint applications for subdivision with the Kaipara District Council (KDC) as lead authority. Hearing delayed pending receipt of further information sought by KDC. Hearing date delayed at request of applicant for it to carry out further investigation of a number of ecological matters. The deadline for provision of this information is currently under discussion with the applicant.
B C Taylor APP.015366.01.02	Use of a coastal structure (building) for accommodation and community hall at Whakapirau	Nine submissions received, two in support and seven in opposition. Six submitters wish to be heard. Issues between the applicant and the Kaipara District Council (KDC) associated with the designation of the land have been resolved. The applicant is still resolving issues over ownership of the building with the KDC and has been granted an extension of time under s37 to enable this. The applicant is hopeful that this will be concluded by the end of November 2013.
Millpara Avocados Limited APP.014520.01.02 APP.014520.02.01	Increase in existing groundwater take for avocado irrigation purposes, Paparore, Far North	Twelve submissions received within time, with one submitter wishing to be heard. Nine are in opposition, one in support and two neutral. One further (late) submission in opposition received. With the approval of the applicant, the council has placed the application on hold to determine the additional information requirements required to assess the adverse effects on other groundwater users that were raised in submissions. As a result of the council's assessment of possible options regarding additional information, the applicant has requested that the council proceed with processing the application to take water from its existing bore while leaving the other application to take water from a new bore on hold until the reassessment of the Aupouri groundwater resource being undertaken by council is complete. The Council has circulated this proposal along with draft conditions to submitters with a request to respond by the 25 November 2013.

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Applicant	Proposal	Progress
Whaingaroa Fisheries Company Limited APP.008120.01.01	Marine farm (fish and shellfish) at Owhanga Bay, Whangaroa Harbour	A total of 310 submissions received (two late) all in opposition, with 107 submitters wishing to be heard. Some have requested independent commissioners under section 100A to hear the proposal. Further information has been sought from the applicant under section 92, which is due by 4 November 2013.
New Zealand Refining Company Limited APP.008319.16.01	Proposed stormwater basin overflow spillway and discharge of treated stormwater	One submission received, not wishing to be heard and in support of the application. To be decided under delegated authority. Discussions are currently being conducted with applicant to finalise conditions of consent prior to the council issuing consent, with a decision expected to be issued by the end of 2013.
Far North District Council APP.036327.01.01	Browns Road bridge, south-east of Kaikohe, replacement	No submission received. Application to be decided under delegated authority. Decision anticipated to be issued by 29 November 2013.
Robinia Investments Limited APP.036304.01.01	Beach replenishment and groyne at Clendon Cove, Bay of Islands	No submission received. Application to be decided under delegated authority. Decision anticipated to be issued by 29 November 2013.

APPEALS/OBJECTIONS

Applicant	Proposal	Progress
Poutō Farms Limited APP.021258.01.01	Flood protection works at Kaihū River	Objection to decision to return application documents as incomplete, but the applicant is still seeking stay of hearing, pending receipt of flood model data to enable completion of application detail.
Mangawhai Harbour Restoration Society APP.026844.01.01	Removal of 87 hectares of mangroves from Mangawhai Harbour and channel dredging	Appeal lodged by the applicant. Thirteen section 274 parties. Environment Court assisted mediation was held on 14 September 2011. There was no resolution and the appeal hearing commenced 30 April 2012. An interim decision has been issued by the Court declining the consent sought for dredging and indicating that consent might be forthcoming for three, possibly four, mangrove removal sites subject to satisfactory responses from the parties on conditions, mapping in one area and a jurisdictional question posed by the Court. Upon provision of these responses, the Court then directed the applicant to make a number of amendments to conditions. This has been done and it is anticipated that the Court will now issue its final decision in due course.

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Applicant	Proposal	Progress
Westpac Mussels Distributors Limited APP.029371.01.01	94.05 ha marine farm (mussels, mussel spat catching, and oyster depuration and growing) west of Stephenson Island, near Whangaroa Harbour	Appeals lodged by Yachting New Zealand and Whangaroa Maritime Recreational Park Steering Group (WMRPSG). A number of section 274 parties have attached to the WMRPSG appeal. Environment Court hearing set for 9 December 2013.
J K Upperton APP.008867.01.02	Earthworks in the Riparian Management Zone relating to a construction of a proposed dwelling and access	Appeal lodged by A Hamilton relating to notification decision, significance of site to Maori and cultural values and effects on kai moana. A mediation conference is to be convened by the Environment Court. This is not likely to occur until 2014.
Whāngārei District Council, Parks Division APP.030692.01.01	Proposed boatramp and reclamation at Pātaua North estuary	Appeal lodged by Te Waiariki Ngati Korora, Ngati Taka Pari Hapu. The Environment Court has directed a full report on progress be provided to it by the parties by 13 December 2013.

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ATTACHMENT 2**Environmental Monitoring for the period 1 – 31 October 2013****ABBREVIATIONS KEY**

WDC	Whāngārei District Council	FNDC	Far North District Council	KDC	Kaipara District Council	DOC	Department of Conservation
NPC	Northland Port Corporation	NZRC	NZ Refining Company	NRC	Northland Regional Council	FNHL	Far North Holdings Ltd
CH	Consent Holder	STS	Sewage Treatment System	POD	Point of Discharge	PA	Permitted Activity
ESCP	Erosion and Sediment Control Plan	RAQP	Regional Air Quality Plan	RWSPN	Regional Water and Soil Plan for Northland		
RC	Resource Consent	CMA	Coastal Marine Area	RCPN	Regional Coastal Plan for Northland		

DISCHARGES TO AIR – No significant non-compliant events were recorded during the period 1 – 31 October 2013.

DISCHARGES TO WATER OR LAND – No significant non-compliant events were recorded during the period 1 – 31 October 2013.

WATER TAKES – No significant non-compliant events were recorded during the period 1 – 31 October 2013.

COASTAL ACTIVITIES

Date	Consent Reference No.	Name	Description	Notes	Environmental Impact
15/10/2013	REG.002724.01	Ota Point Effluent Society Inc	Discharge treated communal sewage to coastal waters @ Ota Point, Whangaroa	<ul style="list-style-type: none"> The faecal coliform levels after the UV treatment system did not comply with the RC limit. Formal enforcement action taken. Further sampling indicated compliance. 	Significant

LAND USE ACTIVITIES

Date	Consent Reference No.	Name	Description	Notes	Environmental Impact
23/09/2013	REG.009331.01	Parlane A C	Quarry @ Waitemarama Gorge Road, South Hokianga	<ul style="list-style-type: none"> The sediment pond was full of sediment with resulting water discharge of very poor quality. 	Significant

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				<ul style="list-style-type: none"> The operator undertook to clean out and enlarge the pond within the week. A follow up inspection will be undertaken before any decision on further enforcement action is made. 	
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FARM DAIRY EFFLUENT DISCHARGES – CONSENTED**Routine inspections of consented farms**

Date	Consent Reference No.	Name	Description	Notes	Environmental Impact
10/09/2013	REG.009019.01	Pokapu Inc	FDE 932 @ Pokapu Road, Kawakawa	<ul style="list-style-type: none"> Water quality test results were outside RC limits. 	Significant
16/09/2013	REG.009173.01	Hook J G & C A	FDE 729 @ State Highway 12, Waimamaku	<ul style="list-style-type: none"> Water quality test results were outside RC limits. 	Significant
23/09/2013	REG.008787.01	Hawkes P R & I J	FDE 4013 @ Neem Road, Arapaoa	<ul style="list-style-type: none"> Water quality test results were outside RC limits. Maintenance was inadequate. The discharge from pond one was bypassing pond two. 	Minor
23/09/2013	REG.009268.01	Greville J W & R P	FDE 4015 @ Arapaoa Road, Huketere	<ul style="list-style-type: none"> Feedpad silage waste was piled in paddock upslope of marine area. 	Unknown
23/09/2013	REG.012281.01	Maw J J & C A	FDE 1412 @ Horniblow Road, Matakahe	<ul style="list-style-type: none"> Untreated effluent from feedpad discharged to water. 	Unknown
24/09/2013	REG.011994.01	Clonmoore Trust	FDE 8005 @ Creamery Road, Tatararaki	<ul style="list-style-type: none"> Pond leaked to water. 	Unknown
25/09/2013	REG.001736.01	The Wyndale Trust	FDE 3102 @ Pipiwai Road, Matarau	<ul style="list-style-type: none"> Untreated effluent from feed area discharged to land and to water. 	Unknown
25/09/2013	REG.009487.01	Ringrose L J	FDE 7003 @ Otakairangi Road, Otakairangi	<ul style="list-style-type: none"> Feedpad pond discharged to pond one and overland to pond two. 	Significant
25/09/2013	REG.009580.01	Finlayson A & R Ltd	FDE 3854 @ Finlayson Road, Matarau	<ul style="list-style-type: none"> Excessive ponding and overland flow from pond two discharge. Silage stack also discharged to a drain. 	Unknown
26/09/2013	REG.019360.01	Brown Bros Marua Ltd	FDE 7116 @ Jubilee Road, Marua	<ul style="list-style-type: none"> Water quality test results were outside 	Significant

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				RC limits. • Silage waste discharged to water.	
27/09/2013	REG.012153.01	Zwaans T & L Family Trust	FDE 8051 @ Pouto Road, Te Kopuru	• Pond leaked to water.	Unknown
27/09/2013	REG.030807.01	Gillett L J & Slagter M N	FDE 8108 @ 455 West Coast Road, Te Kopuru	• Water quality test results were outside RC limits.	Significant
30/09/2013	REG.004324.01	Taylor S & D Family Trust	FDE 967 @ Pakaru Road, Kawakawa	• Untreated effluent from feed area discharged above stormwater drain.	Unknown
30/09/2013	REG.011773.01	Campbell Farms Maromaku Limited	FDE 7623 @ Maromaku Road, Maromaku	• Untreated effluent discharged from stormwater diversion to road drain.	Unknown
01/10/2013	REG.003526.01	Clark P M Family Trust	FDE 7532 @ 4225 Maromaku Road, Maromaku	• Effluent from calf shed discharged to water. • Required upgrade of aerobic pond not completed. • Heavy stock damage to pond embankments.	Significant
01/10/2013	REG.009318.01	Kehoe R J & J V	FDE 7509 @ Towai Road, Maromaku	• Effluent discharged to water as a result of leaking pipes between ponds.	Unknown
02/10/2013	REG.012595.01	Moscrip Dairy Ltd	FDE 7399 @ Waiotu Block Road, Hukerenui	• Excessive ponding and overland flow to water from leaking pond. • Farmer had blocked off both ends of drain to prevent any further discharge of effluent.	Significant
02/10/2013	REG.030085.01	Waiotu Farms Limited	FDE 7398 @ 403 Waiotu Block Road, Hikurangi	• Water quality test results were outside RC limits.	Unknown
04/10/2013	REG.009600.01	Harrison J A & J R	FDE 7301 @ Mine Road, Puhipuhi	• Untreated effluent discharged to stormwater drain.	Unknown
04/10/2013	REG.014710.01	Foote B J & J F Ltd	FDE 9010 @ Russell Road, Whakapara	• Barn waste piled within 10m of a waterway.	Unknown
07/10/2013	REG.009124.01	Lea Rig Farms Ltd	FDE 7149 @ Whananaki North Road, Opuawhanga	• Untreated effluent from foot bath discharged to water. • A number of dead calves in a stream.	Moderate
07/10/2013	REG.009524.01	Lea Rig Farms Ltd	FDE 7148 @ Whatmough Road,	• Untreated effluent from dairy foot bath	Unknown

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			Opuawhanga	discharged to race and to a drain.	
09/10/2013	REG.009138.01	Mills G P & S C	FDE 7084 @ Crows Nest Road, Hukerenui	<ul style="list-style-type: none"> Inadequate management. Dead cows and rubbish had been dumped in a pile within 50m of a waterway. T-piece had come off outlet pipe. 	Unknown
09/10/2013	REG.011239.01	The Philip Bayly Family Trust	FDE 7429 @ Paiaka Road, Hukerenui	<ul style="list-style-type: none"> Water quality test results were outside RC limits. 	Unknown
10/10/2013	REG.013137.01	Puketitoti Investments Ltd	FDE 3241 & FDE 3408 @ Puketitoti Road, Purua	<ul style="list-style-type: none"> Excessive ponding and overland flow from the irrigator. Silage pad area had discharged to a drain. 	Unknown
11/10/2013	REG.011163.01	Ford D L & R L and D L & R L Ford Trust Partnership	FDE 2832 @ Pyle Road East, Ruakaka	<ul style="list-style-type: none"> Required upgrade not completed. 	Unknown

Reasons for Significant Non-Compliance:	Jul	Aug	Sep	Oct	Total
Water quality test results outside consent limits	0	3	7	2	12
Untreated effluent discharged to water (e.g. feedpad; underpass; entry/exit race; stormwater bypass)	0	20	9	5	34
Excessive ponding; overland flow; discharge from irrigator into setback distances	0	3	2	2	7
Inadequate management (e.g. broken pipes, sump overflow)	0	2	3	2	7
High risk of adverse environmental effects (but no discharge to water at time of inspection)	0	0	3	0	3
Required upgrade not completed by due date	0	2	0	1	3
Total	0	30	24	12	66

FARM DAIRY EFFLUENT DISCHARGES – NON-CONSENTED**Routine inspections of permitted activity (non-consented) farms**

Date	Consent Reference No.	Name	Description	Notes	Environmental Impact
11/09/2013	REG.800702.01	Grant S	FDE 5733 @ Mangawahi Road, Kaiwaka	<ul style="list-style-type: none"> Effluent had flowed into the catchment stormwater drain. 	Unknown

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				<ul style="list-style-type: none"> Excessive overland flow from the irrigator. 	
18/09/2013	REG.804405.01	Oruawharo Inc	FDE 6768 @ Oruawharo Road, Oruawharo	<ul style="list-style-type: none"> Overland flow from irrigator discharged to water. 	Unknown
20/09/2013	REG.800501.01	Colebrook R H & L E	FDE 3136 @ Three Mile Bush Road, Matarau	<ul style="list-style-type: none"> Untreated effluent discharged to water via stormwater diversion. 	Significant
23/09/2013	REG.800594.01	Paulsen L R	FDE 4001 @ Tinopai Road, Tinopai	<ul style="list-style-type: none"> Excessive ponding and overland flow from the irrigators. 	Unknown
24/09/2013	REG.700086.01	Antonio T M & R A	FDE 8089 @ Redhill Road, Redhill	<ul style="list-style-type: none"> Effluent from feedpad discharged overland to water. 	Unknown
24/09/2013	REG.800852.01	Smith R	FDE 8106 @ West Coast Road, Te Kopuru	<ul style="list-style-type: none"> Excessive overland flow from irrigator. 	Unknown
24/09/2013	REG.804510.01	Sanford B F	FDE 8083 @ Redhill Road, Dargaville	<ul style="list-style-type: none"> Untreated effluent discharged from race to a tributary of a dune lake. 	Unknown
25/09/2013	REG.800471.01	Husband J A	FDE 3018 @ Kokopu Road, Kara	<ul style="list-style-type: none"> Effluent from feedpad discharged to water. 	Unknown
25/09/2013	REG.800592.01	ITR Ag Ltd	FDE 3859 @ Pipiwai Road, Matarau	<ul style="list-style-type: none"> Untreated effluent discharged down stormwater drain. 	Significant
27/09/2013	REG.800826.01	Rope R P Ltd	FDE 8043 @ Turkey Flat Road, Te Kopuru	<ul style="list-style-type: none"> Pond leaked to water. 	Significant
27/09/2013	REG.800857.01	Schick C J & W J	FDE 8144 @ Pouto Road, Mt Wesley	<ul style="list-style-type: none"> Pond overtopping to land. Irrigator run-off discharged to drain. 	Unknown
03/10/2013	REG.800790.01	Van Den Bogaart Family Trust	FDE 7454 @ Paiaka Road, Towai	<ul style="list-style-type: none"> Ponding around irrigator. Pond close to overflowing. 	Unknown
03/10/2013	REG.804479.01	Stephen Eric Brown	FDE 2310 @ State Highway 1, Waiotu	<ul style="list-style-type: none"> Untreated effluent discharged to water. 	Unknown
07/10/2013	REG.800737.01	Opuawhanga Farms Limited	FDE 7105 @ Whananaki North Road, Opuawhanga	<ul style="list-style-type: none"> Inadequate management. Slats of weeping wall blocked. Untreated effluent from race/feedpad discharged to bank above drain. 	Unknown
07/10/2013	REG.804009.01	Whananaki Farms Ltd	FDE 7104 @ Whananaki North Road, Hikurangi	<ul style="list-style-type: none"> Pond leaked to water. 	Significant

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08/10/2013	REG.800736.01	Richards P W	FDE 7099 @ Hukerenui Road, Hikurangi	<ul style="list-style-type: none"> Untreated effluent to water down stormwater diversion. 	Unknown
09/10/2013	REG.800713.01	Thorne N C & M A	FDE 7006 @ Otakairangi Road, Otakairangi	<ul style="list-style-type: none"> Low flow of effluent discharged to drain. Irrigator blocked. 	Unknown
15/10/2013	REG.800344.01	Grant H R & A D	FDE 1731 @ Roysthe Road, Waipū	<ul style="list-style-type: none"> Excessive ponding and overland flow from the irrigator. 	Unknown
15/10/2013	REG.800347.01	McAulay B I	FDE 1741 @ Nova Scotia Drive, Waipū	<ul style="list-style-type: none"> Effluent flowed over pond embankment to water. Contaminants from pine slash discharged to water. 	Unknown
15/10/2013	REG.800447.01	Gordon Smith Partnership	FDE 2777 @ Doctors Hill Road, Waipū	<ul style="list-style-type: none"> Untreated effluent from feed bin area to water. 	Unknown
18/10/2013	REG.800683.01	Gent & Flood Family Trust	FDE 4475 @ Ruāwai	<ul style="list-style-type: none"> Dead calves on south side of stop bank. 	Unknown

Reason for Significant Non-Compliance:

	Jul	Aug	Sep	Oct	Total
Untreated effluent discharged to water (e.g. feedpad; underpass; entry/exit race; discharge via stormwater bypass)	1	9	6	3	19
Unauthorised discharge of treated effluent to water	0	5	3	3	11
Discharge from irrigator to water	0	0	2	0	2
Excessive ponding; overland flow; discharge from irrigator into setback distances	0	6	9	2	17
No (or inadequate) contingency storage	0	2	0	1	3
Inadequate management (e.g. broken or blocked pipes; sump overflow; irrigator/pump maintenance)	0	1	1	3	5
High risk of adverse environmental effects (but no discharge to water at time of inspection)	0	1	1	0	2
Total	1	24	22	12	59

SOE MONITORING – AIR, LAKES AND WATER

Classification	Date	Project	Notes
Air Quality	3/10/2013	Whāngārei Airshed - Ambient Air	<ul style="list-style-type: none"> Continuous ambient air monitoring results for PM₁₀, carbon monoxide and

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		Monitoring	sulphur dioxide at the Robert Street site, Whāngārei, indicated compliance with the National Environmental Standard in September 2013.
	21/10/2013	Marsden Point Airshed - Ambient Air Monitoring	<ul style="list-style-type: none"> Continuous ambient air monitoring results for PM₁₀ at the Bream Bay College site, Ruakaka, indicated compliance with the National Environmental Standard in September 2013.
Coastal - Water	2/10/2013	Kaipara Harbour Water Quality Programme	<ul style="list-style-type: none"> Monthly water quality sampling was conducted at nine sites in the Kaipara Harbour. Results pending.
Groundwater	1/10/2013	Lake Kai Iwi Groundwater Investigation	<ul style="list-style-type: none"> Routine groundwater monitoring at three bores around Kai Iwi Lake.
	21/10/2013	Mangawhai - Nitrate Investigation	<ul style="list-style-type: none"> Routine groundwater monitoring at Mangawhai.
	25/10/2013	Whatitiri - Nitrate Investigation	<ul style="list-style-type: none"> Routine groundwater monitoring at Whatitiri.
Local Water Quality Monitoring Network (LWQMN)	26/09/2013	Kai Iwi Lakes	<ul style="list-style-type: none"> Routine monthly water quality monitoring of the Lakes Kai Iwi, Taharoa and Waikare.
Regional Water Quality Monitoring Network (RWQMN)	16/10/2013	Regional Water Quality Monitoring Network - Western	<ul style="list-style-type: none"> Routine monthly water quality monitoring of Kaihu, Waipoua, Waimamaku, Punakitere, Utakura, Mangakahia and Opouteke Rivers. Water clarity was poor at Waimamaku, Punakitere, Utakura and Opouteke Rivers because of elevated sediment levels.
	16/10/2013	Regional Water Quality Monitoring Network - Southern	<ul style="list-style-type: none"> Routine monthly water quality monitoring of the Ruakaka, Hakaru, Manganui, Waipao, Mangere, Otaika and Waiarohia Rivers. A further pristine "control" site has been added to the RWQMN on the Mangere River at Pukenui Forest. The upper site on the Waiarohia River at Whau Valley has been dropped from the RWQMN.
	16/10/2013	Regional Water Quality Monitoring Network - Northern	<ul style="list-style-type: none"> Routine monthly water quality monitoring of the Mangamuka, Victoria, Awanui, Kaeo and Oruru Rivers.
	16/10/2013	Regional Water Quality Monitoring Network - Eastern	<ul style="list-style-type: none"> Routine monthly water quality monitoring of the Waitangi, Waipapa, Kerikeri, Waiharakeke, Waiotu, Ngunguru, Hātea and Whakapara Rivers, and Mangahahuru Stream.

ENVIRONMENTAL INCIDENTS

Date	Reference No.	Description	Notes	Environmental Impact
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4/10/2013	REQ.571408	Possible demolition dumping in a flood plain @ Kawakawa	<ul style="list-style-type: none"> • Fill has been placed on an overland flow path which could affect neighbouring properties during a flood event. • Formal enforcement action taken. 	Moderate
14/10/2013	REQ.571454	Sewage spill @ Te Rauponga Dr, Kamo	<ul style="list-style-type: none"> • 50m³/day of sewage spilled to stream/drain for more than 24 hours. 	Moderate
17/10/2013	REQ.571612	Farm dairy effluent spill @ Kokopu Rd, Whangarei	<ul style="list-style-type: none"> • Discharge from farm dairy land application system to land and to water. • Problem was immediately rectified by the farm owner. 	Moderate
24/10/2013	REQ.571569	Smoke nuisance @ William Jones Drive, Otangarei	<ul style="list-style-type: none"> • Site visit confirmed open burning of rubbish in the Whangarei airshed. • Warning letter sent to the person responsible advising the rules on burning under the RAQP. 	Moderate
25/10/2013	REQ.571528	Spraydrift @ Pataua North Road, Whangarei	<ul style="list-style-type: none"> • Minor spraydrift damage was confirmed to the incident reporter's vegetable garden. • Offending landowner was given a warning for lack of notification regarding the agrichemical application. • Helicopter pilot has been asked to give an explanation for the spray damage. Further action will be decided on the basis of the explanation received. 	Moderate

MARITIME INCIDENTS

Date	Reference No.	Area	Description	Notes
1/10/2013	REQ.571497	Bay of Islands Harbour	Unauthorised occupation of a mooring.	<ul style="list-style-type: none"> • Vessel removed from mooring by vessel owner.
3/10/2013	REQ.571526	Bay of Islands Harbour	Yacht anchored for over 14 days.	<ul style="list-style-type: none"> • Vessel has been relocated from the area.
3/10/2013	REQ.571550	Whāngārei Harbour	Jet ski exceeding 5 knots close to shore.	<ul style="list-style-type: none"> • Advice given to jet skier by local harbour warden on safe operation of a jet ski.
3/10/2013	REQ.571523	Whāngārei Harbour	Oil slick.	<ul style="list-style-type: none"> • Oil spill had naturally dispersed. No other reports received.
4/10/2013	REQ.571547	Bay of Islands Harbour	Vessel exceeding 5 knots within 50m of another vessel.	<ul style="list-style-type: none"> • Written warning issued to alleged offender.
4/10/2013	REQ.571555	Taipa/Mangonui Harbour	Albert Reef light reported extinguished.	<ul style="list-style-type: none"> • New light unit installed.

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6/10/2013	REQ.571562	Bream Bay Coast	Vessel reported exceeding 5 knots within 200m of shore.	<ul style="list-style-type: none"> Identify of offender could not be confirmed.
7/10/2013	REQ.571560	Whangaruru Harbour	Sunken vessel.	<ul style="list-style-type: none"> Vessel owner to be contacted regarding recovery.
8/10/2013	REQ.571585	Bay of Islands Harbour	Mooring piracy by derelict vessel.	<ul style="list-style-type: none"> Vessel owner was given written warning regarding removal of yacht from mooring.
10/10/2013	REQ.571600	Bay of Islands Harbour	Unattended dinghy adrift.	<ul style="list-style-type: none"> Dinghy retrieved and returned to owner.
11/10/2013	REQ.571605	Bay of Islands Harbour	Light reported as extinguished.	<ul style="list-style-type: none"> Light unit replaced.
14/10/2013	REQ.571628	Kerikeri Inlet	Vessel sinking on mooring.	<ul style="list-style-type: none"> Vessel removed from water by owner.
15/10/2013	REQ.571631	Kerikeri Inlet	Semi submerged vessel on pile mooring.	<ul style="list-style-type: none"> No semi submerged vessel was sighted during site visit.
15/10/2013	REQ.571644	Bay of Islands Harbour	Dinghy washed up in mangroves.	<ul style="list-style-type: none"> Dinghy was secured.
16/10/2013	REQ.571657	Kaipara Harbour	Vessel washed ashore.	<ul style="list-style-type: none"> Vessel was secured by local harbour warden. Removal of vessel to be progressed.
16/10/2013	REQ.571682	Bay of Islands Harbour	Rescue of kayakers.	<ul style="list-style-type: none"> Referred to Maritime NZ.
17/10/2013	REQ.571656	Whāngārei Harbour	Vessel adrift.	<ul style="list-style-type: none"> Vessel was retrieved by owner.
17/10/2013	REQ.571661	Bay of Islands Harbour	Jet ski exceeding 5 knots around moorings area.	<ul style="list-style-type: none"> Activity was ceased following verbal warning from Maritime Officer.
19/10/2013	REQ.571675	Bay of Islands Harbour	Vessel with fuel in bilge.	<ul style="list-style-type: none"> Vessel moved to a mooring by skipper where the vessel could be cleaned.
20/10/2013	REQ.571688	Whāngārei Harbour	Fishing net across shipping channel.	<ul style="list-style-type: none"> Net removed. Offender could not be located.
21/10/2013	REQ.571690	Whāngārei Harbour	Commercial fishing vessel suffered engine failure and anchored in channel.	<ul style="list-style-type: none"> Problem rectified and vessel safely departed from harbour.
21/10/2013	REQ.571676	Whangaroa Harbour	Two moorings below water level a navigation hazard.	<ul style="list-style-type: none"> Local harbour warden to investigate further.
21/10/2013	REQ.571684	Taipa/Mangonui Harbour	Floating log a hazard to navigation.	<ul style="list-style-type: none"> Navigation warning cancelled after no further sightings of log.
21/10/2013	REQ.571689	Hokianga Harbour	Rawene light reported extinguished.	<ul style="list-style-type: none"> New battery installed.

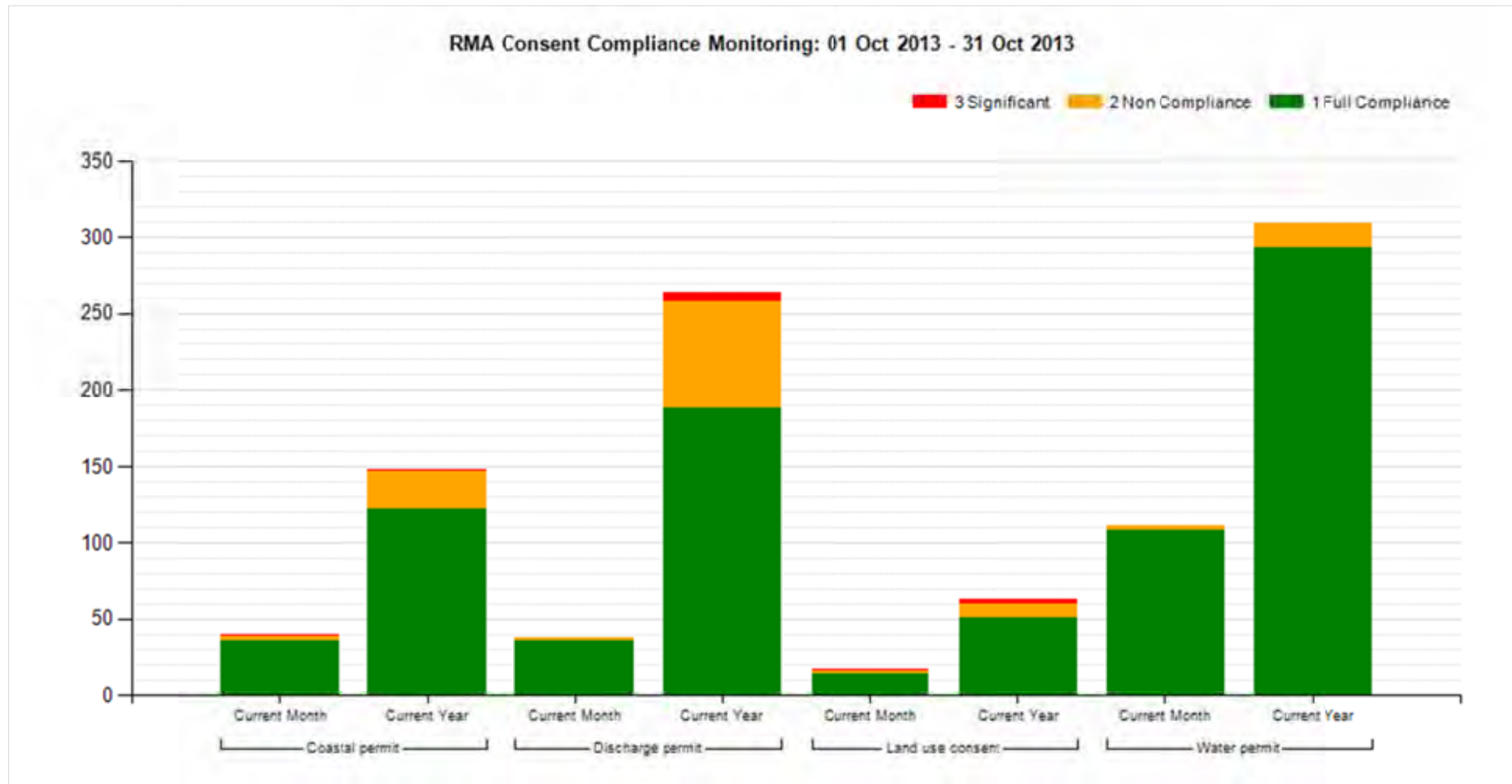
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22/10/2013	REQ.571713	Whāngārei Harbour	Collision between two recreational vessels.	<ul style="list-style-type: none"> Investigations continuing.
23/10/2013	REQ.571707	Bay of Islands Harbour	Vessel on anchor too close to moorings.	<ul style="list-style-type: none"> Vessel removed from mooring area to a certified mooring.
23/10/2013	REQ.571722	Bay of Islands Harbour	Bilge discharge.	<ul style="list-style-type: none"> Offender advised of correct actions.
23/10/2013	REQ.571709	Hokianga Harbour	Opononi sewerage outfall buoy missing.	<ul style="list-style-type: none"> Buoy to be replaced by other agency.
24/10/2013	REQ.571738	Whangaroa Harbour	Floating logs a hazard to navigation.	<ul style="list-style-type: none"> Logs removed and disposed of.
24/10/2013	REQ.571738	Whangaroa Harbour	Floating logs a hazard to navigation.	<ul style="list-style-type: none"> Logs removed and disposed of.
24/10/2013	REQ.571740	Whāngārei Harbour	Diesel spill.	<ul style="list-style-type: none"> Diesel was left to disperse naturally.
28/10/2013	REQ.571753	Whāngārei Harbour	Vessel on fire at Kaiwaka Point+	<ul style="list-style-type: none"> Vessel wreck to be removed by contractor.
29/10/2013	REQ.571749	Whāngārei Harbour	Jet ski exceeding 5 knots within 200m of shore.	<ul style="list-style-type: none"> Written warning issued to offender.

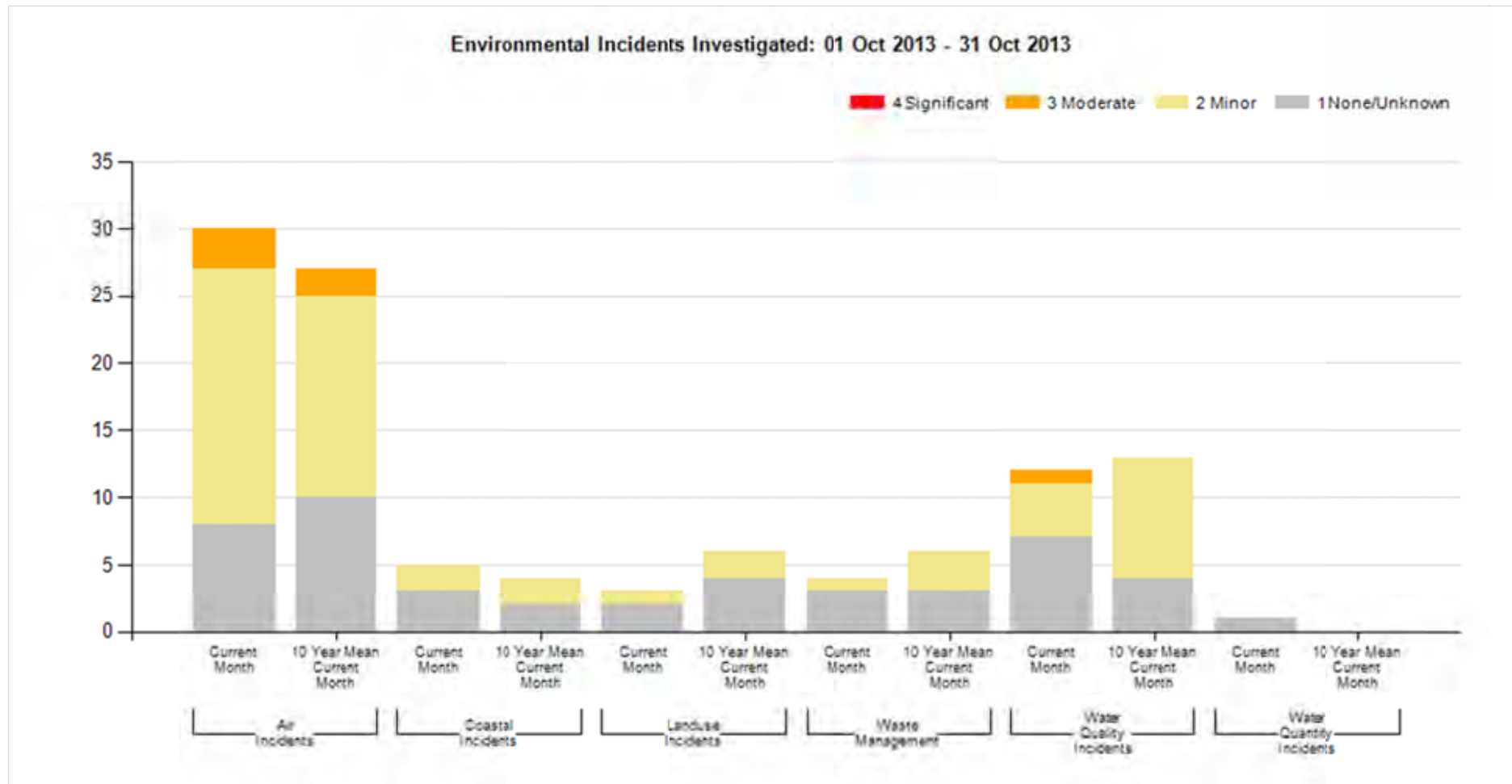
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ISSUE: Confirmation of Minutes – 30 October 2013**ID:** A594854**To:** Council Meeting, 19 November 2013**From:** Chris Taylor, Council Secretary**Date:** 8 November 2013

Summary The purpose of this report is to present the unconfirmed minutes of the inaugural council meeting held on 30 October 2013. It concludes with the recommendation that council confirms the minutes as a true and correct record.

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 checked="" type="checkbox"/>	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other
Significance:	<input type="checkbox"/>	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Low

Report:

The minutes are **attached**.

Legal compliance:

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

Recommendation:

That the minutes of the inaugural council meeting held on 30 October 2013 be confirmed as a true and correct record.

NORTHLAND REGIONAL COUNCIL

Minutes of the inaugural meeting of the council
held in the council chamber, Northland Regional Council, 36 Water Street,
Whāngārei, on Wednesday 30 October 2013,
commencing at 1.00 pm

Present:

John Bain
Dennis Bowman
Craig Brown
Joe Carr
Paul Dimery
Graeme Ramsey
Dover Samuels
Bill Shepherd
David Sinclair

In Attendance:**Full Meeting**

Chief Executive Officer, Malcolm Nicolson
Deputy CEO/Operations Director
GM – Planning and Policy
Policy Analyst
Council Secretary

Part Meeting

Finance Manager
Policy Programme Manager
Building and Facilities Manager
Communications SPM
Online/Customer Service SPM
Chairman's Personal Assistant

The Chief Executive Officer declared the inaugural meeting of the 2013-2016 Northland Regional Council open at 1.02 pm.

Apologies (Item 1.0)

There were no apologies.

Declarations by Councillors (Item 2.1)

ID: A579893

Report from Chief Executive Officer Malcolm Nicolson.

Prior to calling for the councillors to make their declarations the Chief Executive Officer, Malcolm Nicolson, affirmed the full commitment of staff to assist, advise and execute the council's vision.

The nine councillors present made and signed the declaration required by section 14 of Schedule 7 of the Local Government Act 2002.

Results of Triennial Election 2013 (Item 2.2)

ID: A579849

Report from Chief Executive Officer Malcolm Nicolson.

Moved (Carr/Shepherd)

That appreciation be extended to all the candidates that stood in the 2013 triennial local body elections.

Carried

It was further moved (Brown/Ramsey)

That the report, "Results of Triennial Election 2013", by Chief Executive Officer, Malcolm Nicolson, dated 18 October 2013, be received.

Carried

Election of Chairperson (Item 2.3)

ID: A579903

Report from Chief Executive Officer Malcolm Nicolson.

The Chief Executive Officer provided an overview of the process to elect the Chairperson, noting that council would first need to determine which voting system (pursuant to Clause 21(5)(b) of Schedule 7 of the Local Government 2002) to use.

Moved (Bain/Carr)

1. That the report, "Election of Chairperson", by Chief Executive Officer, Malcolm Nicolson, dated 14 October 2013, be received.
2. That if more than one nomination for chairperson is received, System A as specified in Clause 25 of Schedule 7 to the Local Government Act be used for the election of the Chairperson.

Carried

The Chief Executive Officer then called for nominations for Chairperson. Councillor Shepherd was nominated by Councillor Samuels. The nomination was seconded by Councillor Ramsey. Councillor Brown was nominated by Councillor Bain. The nomination was declined by Councillor Brown.

As there was only one candidate, Councillor Shepherd was appointed unopposed and declared Chairman of the Northland Regional Council.

Carried

Transfer of Presiding Officer (Item 2.4)

ID: A579902

Report from Chief Executive Officer Malcolm Nicolson.

The Chief Executive Officer vacated the chair and handed over to the new elected Chairman.

Upon taking up office the Chairman expressed his gratitude for the support of the council and the community, and affirmed his commitment to:

- dedicate whatever resources were necessary to undertake the role;
- ensure the best interests of Northland were kept forefront during the local government reform process;
- make sure that the regional council's critical role in environmental management was not overlooked; and
- work with all Northland territorial local authorities to ensure that Northland receives its "fair share" of central government resources.

Appreciation was extended to the former Chairman for his hard work during the previous triennium and the example he had set for his fellow councillors.

Election of Deputy Chairperson (Item 2.5)

ID: A579913

Report from Chief Executive Officer Malcolm Nicolson.

Moved (Brown/Bowman)

1. That the report, "Election of Deputy Chairperson", by Chief Executive Officer, Malcolm Nicolson, dated 14 October 2013, be received.
2. That in the event more than one nomination for Deputy Chairperson is received, System A as specified in Clause 25 of Schedule 7 to the Local Government Act be used for the election of the Deputy Chairperson.

Carried

Councillor Ramsey was nominated for the role of Deputy Chairperson by Chairman Shepherd. The nomination was seconded by Councillor Carr. The Chairman then called for further nominations. Councillor Brown advised of his intention to nominate Councillor Bain; who had informally declined the nomination.

As there was only one candidate, Councillor Ramsey was appointed unopposed and was declared Deputy Chairman of the Northland Regional Council.

Carried

Standing Orders (Item 2.6)**ID: A587112****Report from Chief Executive Officer Malcolm Nicolson.****Moved (Ramsey/Carr)**

1. That the report, "Standing Orders", by Chief Executive Officer, Malcolm Nicolson, dated 14 October 2013, be received.
2. That the Northland Regional Council confirms its existing Standing Orders; except as otherwise provided by statute.

Carried

Secretarial Note: Pursuant to Clause 27(2) of Schedule 7 of the Local Government Act; "The standing orders of a local authority must not contravene this Act, the Local Government Official Information and Meetings Act 1987, or any other Act."

Legislation Affecting Councillors (Item 2.7)**ID: A589645****Report from Chief Executive Officer Malcolm Nicolson.****Moved (Brown/Ramsey)**

That the report, "Legislation Affecting Councillors", by Chief Executive Officer, Malcolm Nicolson, dated 15 October 2013, be received.

Carried**Code of Conduct (Item 2.8)****ID: A580083****Report from Chief Executive Officer Malcolm Nicolson.****Moved (Bain/Brown)**

1. That the report, "Code of Conduct", by Chief Executive Officer, Malcolm Nicolson, dated 14 October 2013, be received.
2. That councillors note the Code of Conduct that currently applies.

Carried**Matters arising from Item 2.8:**

There was general agreement on the grounds that, according to section 4.5 of the Code of Conduct; "The council will formally review the code as soon as practicable after the beginning of each triennium. The results of that review will be presented to council for its consideration and vote". Consideration must also be given to the appropriated process by which this review was undertaken. Councillor Ramsey emphasised the need for councillors to take responsibility to lead the review.

Fixing the Dates and Times of Council Meetings and Workshops 2013 (Item 2.9)

ID: A587011

Report from Council Secretary Chris Taylor.

Moved (Brown/Sinclair)

1. That the report, "Fixing the Dates and Times of Council Meetings and Workshops 2013", by Council Secretary, Chris Taylor, dated 15 October 2013, be received.
2. That the council meetings and workshops, as detailed in Item 2.9 of the 30 October 2013 Inaugural Council Meeting agenda, be adopted as the meeting calendar for the remainder of 2013.
3. That a schedule for 2014 council and committee meetings be presented to council for its consideration once the governance structure has been established.

Carried

Councillor Remuneration and Expenses (Item 2.10)

ID: A588379

Report from Chief Executive Officer Malcolm Nicolson.

Moved (Bain/Brown)

That the report "Councillor Remuneration and Expenses" by Chief Executive Officer, Malcolm Nicolson, dated 14 October 2013, be received.

Carried

CONCLUSION

The meeting concluded at 2.02. pm.

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ISSUE: Investment Schedule and Performance – Financial Report to 25 September 2013**ID:** A595016**To:** Council Meeting, 19 November 2013**From:** Kym Ace, Financial Systems Administrator**Date:** 14 October 2013

Summary The purpose of this report is to provide a summary of investment performance for the year to date, three month period ending 25 September 2013 and to report compliance against the council's Treasury Management Policy and the Community Investment Fund Statement of Investment Policy and Objectives (CIF-SIPO). The investment policy included in the Treasury Management Policy is a requirement of section 102(4)(a) of the Local Government Act. The investment policy was adopted as part of the 2012-2022 Long Term Plan. The CIF-SIPO relates to the investment of the Community Investment Fund and was adopted at the October 2012 council meeting. The report concludes with the recommendation that the investment schedule and performance report be received.

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

Report:**Background**

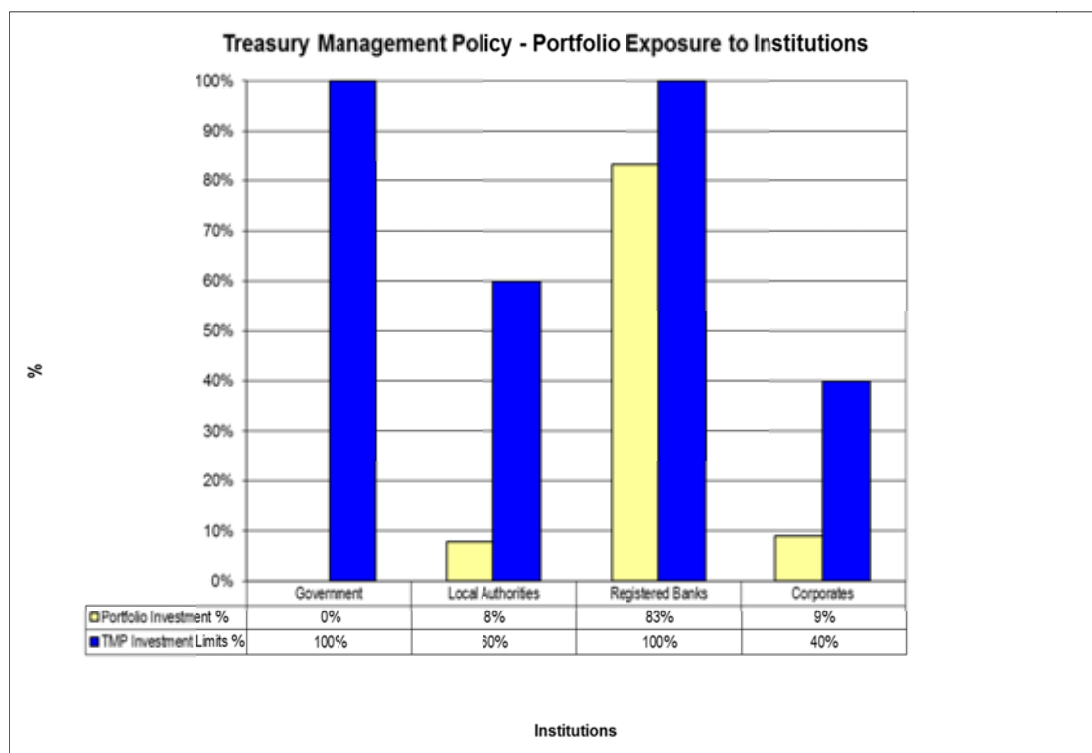
Performance and compliance against council's Treasury Management is provided in **section one** of this report and reporting for the Community Investment Fund is provided in **section two**.

Section One:**Investment of cash and stock/bonds**

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

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**Credit rating of investment counterparties**

Under council's Treasury Management Policy (TMP) section 6.3 allows investments to be made in accordance with the following counterparty/issuer:

Counterparty/Issuer	Minimum long term/short term credit rating – stated and possible	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	Unlimited	None	Unlimited
Local Government Funding Agency (LGFA)	N/A	20.0	None	20.0
NZD Registered Supranationals	AAA	20.0	None	20.0
State Owned Enterprises [name]	A-BBB/ A2	5.0	None	5.0
NZ Registered Bank [name]	A-/ A2	20.0	10.0	30.0
Corporate Bonds/ CP [names]*	A-/ A2 BBB/A2	2.0 1.0	None None	2.0 1.0
Local Government Stock/ Bonds/ FRN/ CP [name]**	A-/ A2 (if rated) Unrated	20.0 5.0	None None	20.0 5.0
<p>* Subject to a maximum exposure no greater than 40% of the NFIP being invested in corporate debt securities at any one point in time. A maximum of 20% of the NFIP can be rated less than A- and no lower than BBB.</p> <p>** Subject to a maximum exposure no greater than 60% of the NFIP being invested in local government debt at any one point in time. The maximum portfolio exposure limit does not apply to the LGFA.</p> <p>This summary list will be expanded on a counterparty named basis which will be authorised by the CEO.</p>				

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At 25 September 2013 council held one investment with Infratil of \$75K (maturing 15 November 2015) which is non-rated and therefore falls outside the credit counterparty requirements. It has previously been agreed with council to continue to hold these on the basis staff would maintain a watching brief over this.

Interest rate profile

Under council's TMP section 6.1.3 the following interest rate re-pricing percentages, calculated on the projected 12 month rolling Net Financial Investment Portfolio (NFIP) total, are allowed:

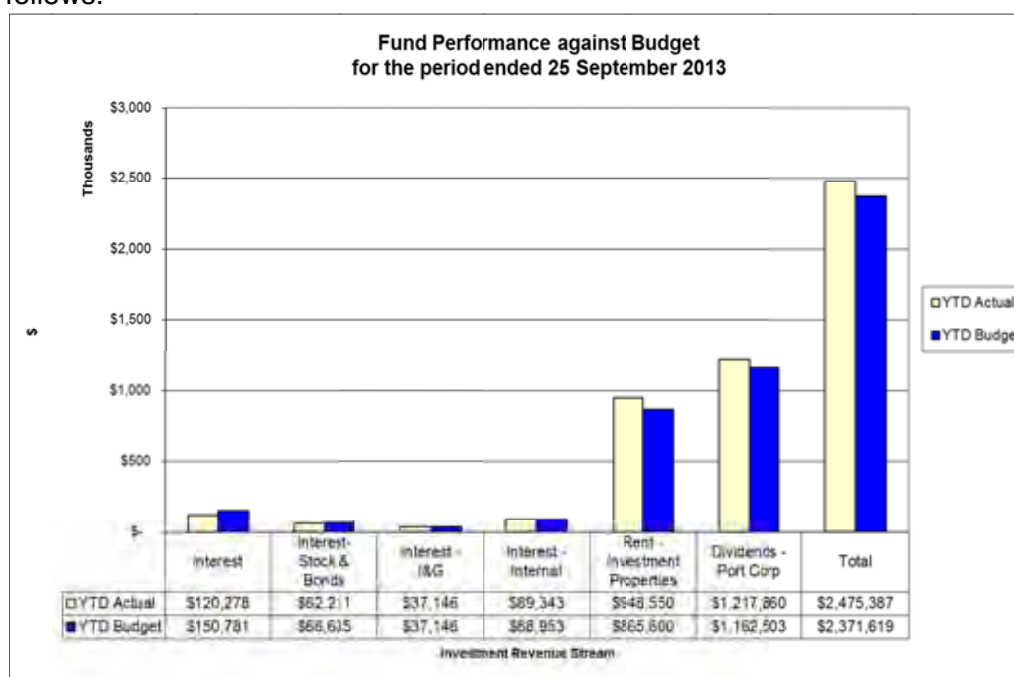
Interest rate re-pricing period	Minimum limit	Maximum limit	Actual at 25 Sept-13	Current Investment face value
0 to 1 year	40% of NFIP	100% of NFIP	60.3%	\$ 15,486,713
1 to 3 years	0% of NFIP	60% of NFIP	8.1%	\$ 2,075,000
3 to 5 years	0% of NFIP	40% of NFIP	31.1%	\$ 8,000,000
5 to 10 years*	0% of NFIP	20% of NFIP	0.5%	\$ 120,000
				\$ 25,681,713

Council's investment complies with the investment policy. The investment value above \$25,681,713 is based on face value. The current market value of these investments is \$25,815,658.

Financial year to date performance

Year to date council's investment portfolio (excluding the Community Investment Fund which is covered separately) has made a return of \$2,475,387 against a budgeted return of \$2,371,619. On call funds are currently earning a return of 2.90% and short term (0-3 years) deposit between 3.41% and 4.15% and medium (4-5 years) deposits between 6.25% and 6.31%.

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



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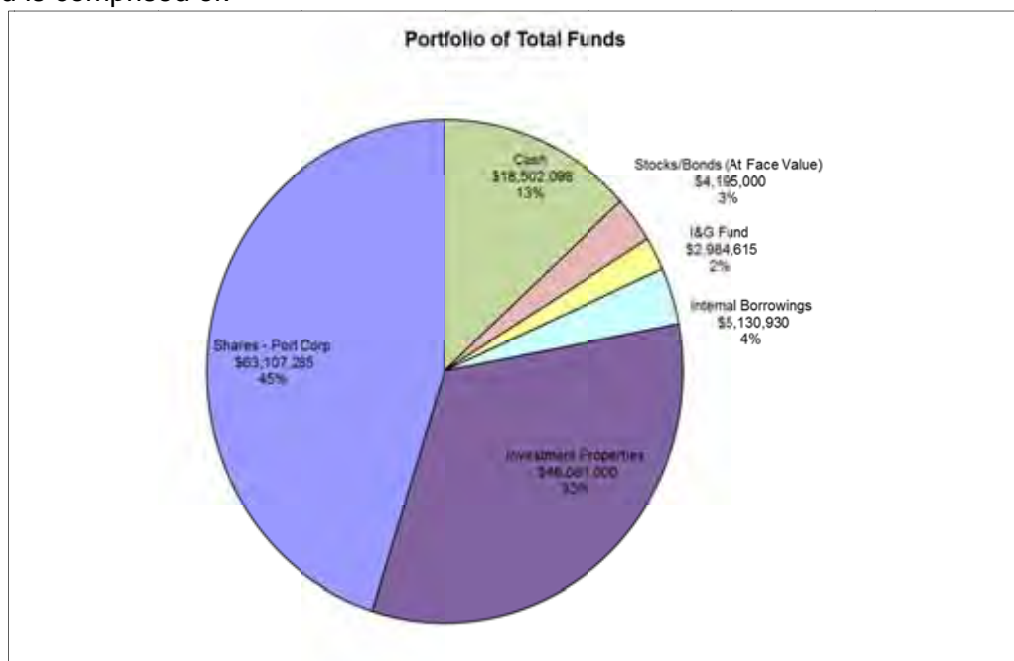
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The rate of return by investment revenue stream is shown on the table below, together with the actual weighted average return compared with budgeted weighted average return for the cash and stocks and bonds investments.

Return on Investment to 25 September 2013	Year to Date Actual	Year to Date Budget	YTD Revenue	Actual WACC	Budgeted WACC
Investment Class					
Cash	3.02%	3.92%	\$120,278	1.72%	2.21%
Stocks/bonds	5.93%	6.54%	\$62,211	0.89%	0.98%
I & G Fund	5.33%	5.53%	\$37,146	0.53%	0.55%
Internal borrowings	7.01%	7.01%	\$89,343	1.28%	1.31%
Total cash investments			\$308,977	4.41%	5.05%
Shares - Port Corp	7.89%	7.61%	\$1,217,860		
Investment properties	8.23%	7.51%	\$948,550		
Total investment revenue – excluding CIF income			\$2,475,387		

Portfolio of total funds

The total value of the investment portfolio as at 25 September 2013 is \$140,000,928 and is comprised of:



Northland Regional Council holds \$22,142,910 shares in Northland Port Corporation (NZ) Limited. The cost value of these shares is \$7,827,563. As at 30 June 2013 the market price of these shares was \$2.76. As at 25 September 2013, the market price is \$2.85.

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

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Northland Port Corporation share price movement

The table below details the share price movement and dividend yield of the Northland Port Corporation's share price in the 2013 financial year compared to the Ports of Tauranga, South Port NZ Limited and Lyttelton Port Company Limited. This information has been provided for comparative or benchmarking purposes.

	Share Price Movement to 25 September 2013					Share Price June 2013	Share Price Sept 2013
	Quarter 1 Movement (Oct 12 to Dec 12)	Quarter 2 Movement (Jan 13 to Mar 13)	Quarter 3 Movement (Apr 13 to Jun 13)	Quarter 4 Movement (Jul 13 to Sept 13)	Annual Movement		
Northland Port Corp	12%	13%	0%	3%	41%	2.76	2.85
Ports of Tauranga	4%	3%	0%	1%	11%	13.80	14.00
South Port NZ Ltd	2%	0%	-5%	10%	60%	3.15	3.45
Lyttelton Port Coy Ltd	-2%	3%	35%	-12%	-22%	2.85	2.50

	Dividend Yield					
	Dividend per share 2012	Dividend Yield June 2012	Share Price June 2012	Dividend per share 2013	Dividend Yield June 2013	Share Price June 2013
Northland Port Corp	0.075	3.97%	1.89	0.100	3.62%	2.76
Ports of Tauranga	0.330	2.96%	11.13	0.460	4.13%	13.80
South Port NZ Ltd	0.200	6.25%	3.20	0.220	6.98%	3.15
Lyttelton Port Coy Ltd¹	0.000	0.00%	2.00	0.000	0.00%	2.85

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

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Section Two:**Community Investment Fund (CIF)**

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

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

The fund is to be managed by **five** managers, each with a different mandate:

- Income assets (managed in-house) with assistance from council's external investment advisors – PricewaterhouseCoopers (PwC);
- Income assets managed by Milford Income Fund;
- Income assets managed by Harbour Assets Management;
- Australasian Equities managed by Milford Active Growth Fund; and
- Global Equities managed by Schroder's Real Return Fund.

In accordance with clause 7.1 of the CIF SIPO, Independent Investment Advisor, Eriksen and Associates Limited, will independently review and report on the five appointed fund managers' performance for the period ending 30 September 2013. This information has been provided to Eriksen and Associates for review and the report is presented in the separate agenda Item 3.2 Community Investment Fund - Review of Investment Managers' Performance to 30 September 2013.

Income assets managed in-house – overview

The face value of the funds at 30 September 2013 is \$2,302,410 and the market value is \$2,586,575. The list of investments held at 30 September 2013 is shown in the following table:

Coupon Rate %	Issuer	Credit Rating	Face Value	Market Value 25 Sept 2013	Maturity Date
Bonds					
8.22%	ASB	AA-	\$200,000	\$209,155	17-Sep-14
8.00%	AIAL	A-	\$200,000	\$218,704	15-Nov-16
7.25%	AIAL	A-	\$100,000	\$101,611	28-Feb-14
9.66%	ANZ	BBB	\$300,000	\$300,386	Perpetual
8.00%	Contact Energy	BBB+	\$300,000	\$307,809	15-May-14
9.00%	Fletcher Building	NR	\$100,000	\$102,409	15-May-14
7.25%	Genesis Power	BBB+	\$100,000	\$101,705	15-Mar-14
5.42%	Quayside Holdings (Western BoP)	NR	\$200,000	\$199,994	Perpetual
8.50%	Tower Capital	NR	\$400,000	\$403,103	15-Apr-14
7.25%	Z Energy	NR	\$150,000	\$158,780	15-Aug-18
5.15%	Christchurch Intl. Airport Ltd	A-	\$250,000	\$241,876	06-Dec-19
Total bonds			\$2,300,000	\$2,345,532	
Cash and term deposit					
2.90%	ASB - Call		\$42,352	\$42,352	Call
4.20%	Westpac BC		\$198,690	\$198,690	17 Feb 14
Total cash and term deposits			\$ 241,042	\$241,042	
TOTAL in-house managed investments			\$2,302,410	\$2,586,575	

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Investment managers

As funds became available from the sale of existing investments, deposits were made with the Schroder's Real Return Fund, Milford Asset Management Growth and Income Funds, and Harbour Asset Management Short Duration Fund. A total of NZD \$2M was placed with each fund. The details of these investments are shown in the below table:

Investment Manager	Application Amount	Unit Price	Units Balance	Market Value 25 September NZD \$
Income assets				
Milford Income Fund	\$2,000,000	1.2489	1,644,307	\$2,053,575
Harbour Asset Management	\$2,000,000	1.0491	1,911,159	\$2,004,997
Total income assets investment managers	\$4,000,000			\$4,058,572
Schroders Real Return Fund	\$2,000,000	AUD 1.1522	1,663,649	\$1,912,020
Milford Active Growth Fund	\$2,000,000	2.0178	1111581	\$2,242,948
Total growth assets – investment managers	\$4,000,000			\$4,154,968
Total funds - investment managers	\$8,000,000			\$8,213,540

Compliance against SIPO

- Counterparty credit limit**

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

Issuer	Percentage of portfolio
ASB	9.72%
AIAL	12.38%
ANZ	11.62%
WBC	7.68%
Contact Energy	11.90%
Fletcher Building	3.96%
Genesis Power	3.94%
Quayside Holdings (Western BoP) Shares	7.73%
Tower Capital	15.58%
Z Energy	6.14%
Christchurch Int Airport Ltd	9.35%
Total	100.00%

At 30 September 2013 council complied with the counterparty credit limit policy.

- Credit ratings**

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

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- Benchmark mix**

The current mix of the fund is as follows:

Asset Class	Benchmark %	Ranges	Market Values 25 September 2013	Actual Investment Allocation %
NZ fixed interest	50	20-80	\$ 4,399,107	40.7%
Cash	10	5-50	\$ 2,246,039	20.8%
Income assets	60	40-80	\$ 6,645,146	61.5%
Australian Equities	20	10-30	\$ 2,242,948	20.8%
Global Equities	20	10-30	\$ 1,912,020	17.7%
Growth assets	40	20-60	\$ 4,154,968	38.5%
Total assets	100		\$ 10,800,114	100%

The alternative investments with a current market value of \$0.00 are not included in this table.

Income for the period 1 July 2013 to 25 September 2013 from the Community Investment Fund Investments is as follows:

Investment Class	Revenue YTD Actual	Revenue YTD Budget	Variance	Return on Investments Actual YTD (based on 25 September 2013)	Return on Investments Budget YTD
Income assets					
Cash & bonds	\$50,004	\$60,429	-\$10,425	7.01%	4.01%
Harbour Asset Mgmt.	\$11,830		\$11,830	2.79%	
Milford Income Fund	\$55,358		\$55,358	10.80%	
Growth assets					
Milford Active Growth	\$84,633	\$67,598	\$17,035	15.13%	12.20%
Schroders	-\$26,681	\$40,062	-66,743	-5.50%	7.97%
Total funds	\$175,444	\$168,089	\$7,355	6.50%	6.55%

At balance date cut-off (25 September 2013) the market value information was not available. We have accrued the September return based on an estimated average return to align with the Eriksen and Associates Ltd investment review for the quarter ending 30 September 2013.

The Schroders investment value at 30 August 2013, in Australian currency (investment currency), is \$1.663 million (M). This is an increase from \$1.612M since 30 June 2013 and from \$1.58M since taking out the investment in January 2013. This represents an investment gain of 2.4% from 1 July to 30 August 2013. However the actual year to date return recognised by council is -\$26,681 (-\$39,847 plus accrued \$13,167). This is due to the NZD strengthening against the AUD. With the

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advice of council's independent investment advisor, council removed the foreign currency hedge effective from 10 August 2013.

Short term fluctuations in exchange rate movements are by necessity recognised each month, but as council intends to hold the Schroder's investment over the medium to long term, this should not cause undue concern; particularly given the actual investment (noted in Australian currency) is growing.

Finally, the gain recognised in "other gains" for the foreign currency hedge for the period 1 July to 10 August 2013 is \$101,214.

Capitalising of fund

At the 8 October 2013 council meeting, council agreed that \$246,092 of Community Investment Fund (CIF) investment income (being 2.4% of the fund's opening value) be capitalised to the fund to inflation protect the fund's real value. This means the remaining \$909,645 of CIF investment income would be transferred back to the Investment and Growth Reserve to offset operational payments made in the 2012/13 financial year. This transfer will occur in October and as a result the income asset allocation moves from 62% to 58% and the growth assets allocation moves from 38% to 42% (based on 30 September 2013 market values).

Compliance with decision making processes:

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

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

Recommendation:

That the "Investment Schedule and Performance – Financial Report to 25 September 2013 from the Financial Systems Administrator, Kym Ace, dated 14 October 2013, be received.

ISSUE: Moorings and Marinas Strategy – Hearing Committee**ID:** A593180**To:** Council Meeting, 19 November 2013**From:** Michael Payne, Policy Analyst**Date:** 5 November 2013

Summary The purpose of this report is to appoint a hearing committee to hear submissions and make recommendations to council on the final form of the Moorings and Marinas Strategy. It concludes with the recommendation that the committee be chaired by Councillor Brown and includes two other councillors.

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

Background:*History of mooring management*

Prior to the introduction of the Resource Management Act (RMA), moorings within most of Northland's harbours were largely managed by the Northland Harbour Board. Approximately 90% of the 3090 moorings now present in Northland existed at the time council was given the responsibility for managing all moorings around the Northland coast under the RMA.

The RMA exempted all existing moorings (as at October 1991) from requiring approval under the RMA until one year after the Regional Coastal Plan (RCP) became operative. The Regional Coastal Plan (RCP) was made operative on 30 June 2004 and required all existing moorings within MM4 areas to obtain resource consent as controlled activities. Further information on the history of moorings in Northland can be found in **Attachment 1**.

Plan Change 1

Plan Change 1 to the Regional Coastal Plan was initiated in 2005 to improve mooring management. Key policy approaches developed in Plan Change 1 were:

- To direct new moorings into mooring areas and to discourage moorings outside these areas;
- To promote efficient use of mooring areas; and
- To ensure appropriate land-based facilities are provided for mooring users (e.g. parking and toilets).

While there have been two variation plan changes, the key policy approaches have not changed.

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Plan Change 1 is complete and is awaiting sign-off from the Minister of Conservation. The final step is the administrative step of making the plan change “operative”.

The Moorings and Marina Strategy

In June 2012 council resolved to prepare a Moorings and Marinas Strategy (the strategy). The strategy will set out how mooring and marina space will be provided for over the next 50 years in Northland. The main driver for the strategy was council concern about the availability and affordability of moorings and marina berths. Drivers include population growth (local and Auckland), existing mooring areas being at or close to capacity, and implementing the policy of discouraging moorings outside mooring areas.

The strategy will be a non-statutory document that will set out a series of actions for council to implement (e.g. changes to the Regional Coastal Plan).

The draft strategy includes a detailed plan for the region's most in-demand mooring and marina berth area, the Bay of Islands. Additionally, the draft strategy has a policy to ensure the fair allocation of space in existing mooring areas, including compensation, where intensification (for instance a new marina) is proposed in space already occupied by swing moorings.

The strategy was released for public feedback earlier this month. The preparation of the draft was overseen by three councillors, including Councillor Brown.

The next step after receiving written public feedback will be to hold a hearing to allow people to speak to their feedback (February 2014). The hearing committee will then recommend to council what the final strategy should be.

It was intended that the hearings committee would be made up of the three councillors that oversaw the development of the draft (June 2012 council resolution). However the election process now means that council needs to appoint a new hearing committee.

Discussion:

The role of the hearings committee will be to hear from people wishing to speak to their written feedback, consider the feedback and staff recommendations, and provide a recommendation to council on final strategy.

It is difficult to estimate how many people will want to speak and therefore how long the hearing will go for. However we anticipate there will be a moderate level of interest and therefore estimate the hearing will go for two to three days. It is likely the hearing will be in the Bay of Islands, given the strategy's focus there.

A hearing committee of three is recommended. This will provide a good balance of having a spectrum (and balancing) of different opinions and minimising the risk of a lengthy decision process. An odd number of members will avoid “stalemate” situations. If an even number is chosen, council may want to identify which member's view will prevail or have a casting vote (usually the chairperson).

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Ideally between them the committee would have good knowledge of boating issues, “making good decisions” accreditation, and experience in strategy or plan development. It is recommended that Councillor Brown be one of the members and made chairman given his involvement in the strategy and satisfying the other suggested criteria. Assuming Councillor Brown has this role; it would be a good opportunity for new councillors to gain some hearings experience.

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.

With reference to section 79 of the Local Government Act 2002, this matter is considered to be of low significance under council policy as it is a matter of day to day operations provided for in the council’s Long Term Plan.

Recommendations:

-
1. That the report “Moorings and Marinas Strategy – Hearing Committee” by Michael Payne, Policy Analyst, dated 5 November 2013, be received.
 2. That council delegates the hearing of feedback on the draft Moorings and Marinas Strategy to the hearing committee for the Moorings and Marinas Strategy be made up of Councillor Brown, Councillor _____ and Councillor _____.
 3. That the hearing committee be chaired by Councillor Brown.
 4. That the hearing committee will make recommendations to council on the final Moorings and Marina Strategy.
-

Attachment 1 – Background

There are currently about 3090 swing and pile moorings in Northland, 2336 of which are in Marine 4 (Mooring including Marinas) Management Areas (mooring areas). About 350 of the 2336 mooring area moorings have resource consent and 1986 do not.

History of mooring management

Prior to the introduction of the Resource Management Act (RMA), moorings within most of Northland's harbours were largely managed by the Northland Harbour Board. Approximately 90% of the 3090 moorings now present in Northland existed at the time council was given the responsibility for managing all moorings around the Northland coast under the RMA.

The RMA exempted all existing moorings (as at October 1991) from requiring approval under the RMA until one year after the Regional Coastal Plan (RCP) became operative. The RCP was made operative on 30 June 2004 and required all existing moorings within MM4 areas to obtain resource consent as controlled activities.

Plan Change 1 and Mooring Management Plans

Plan Change 1 to the Regional Coastal Plan was initiated in 2005 to improve mooring management. Key policy approaches developed in Plan Change 1 were:

- To direct new moorings into mooring areas and to discourage moorings outside these areas;
- To promote efficient use of mooring areas; and
- To ensure appropriate land-based facilities are provided for mooring users (e.g. parking and toilets).

The last two policy approaches were to be implemented via Mooring Management Plans (MMPs).

The rules in Plan Change 1 are designed around MMPs being developed. They make moorings in mooring areas a permitted activity provided they complied with a MMP. The assumption was that for high priority mooring areas, MMPs would be produced by 1 July 2010 and for medium and low priority mooring areas by 1 July 2012.

When staff started developing MMPs, it became apparent that MMPs:

- Were not going to deliver appropriate land-based facilities because it was difficult to bind parties to provide land-based facilities; and
- Were requiring significant council resources (mainly staff time) to develop.

In February 2010, council approved doing away with the requirement of MMPs and the initiation of a variation to Plan Change 1. Staff scoped the variation and held a workshop with council (March 2010). At the workshop, it became apparent there were a range of concerns and a complete review of the way moorings are managed should occur.

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ISSUE: Appointment of a Representative to the Sport Northland Board of Trustees**ID:** A594784**To:** Council Meeting, 19 November 2013**From:** Chris Taylor, Council Secretary**Date:** 8 November 2013

Summary The purpose of this report is to facilitate the appointment of a councillor to the Board of Sport Northland. It concludes with the recommendation that Councillor Bain be appointed as the Northland Regional Council representative.

Report Type:	<input type="checkbox"/>	Normal operations	<input type="checkbox"/>	Information	<input checked="" type="checkbox"/>	Decision
Purpose:	<input type="checkbox"/>	Infrastructure	<input checked="" type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input 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:

Sport Northland is governed by a volunteer Board of Trustees, led by Chair Richie Guy and consisting of 13 other trustees, including representatives of Northland's three district councils and from the Northland Regional Council.

The Board focuses on governance of the organisation, leaving management to the Chief Executive and senior staff.

The key tasks of the Sport Northland Board are as follows:

- Defining the organisation's purpose, direction and priorities;
- Developing a governance policy "umbrella";
- Specifying key outcomes and approving resources to achieve them;
- Approving, supporting, evaluating and rewarding the Chief Executive;
- Setting standards and evaluating the Board's own performance; and
- Ensuring there is appropriate succession planning.

The four local and regional council trustees ensure direct lines of communication with Sport Northland and a council perspective in all board decisions.

Council representatives are typically appointed for a three year term that coincides with local government triennial elections. The board meets on the first Monday of each month (except January) at the ASB Leisure Centre, commencing with a dinner at 6pm and meeting times usually lasting from 7-9pm.

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Legal compliance and significance assessment:

The activities in this report are in accordance with council's decision making requirements as detailed in sections 76-82 of the Local Government Act 2002.

This matter has been assessed against council policy and is considered to be of low significance.

Recommendations:

1. That the report "Appointment of a Representative to the Sport Northland Board of Trustees" by Chris Taylor, Council Secretary, dated 8 November 2013, be received.
 2. That Councillor Bain be appointed as the Northland Regional Council representative on the Sport Northland Board of Trustees.
-

ISSUE: Appointment of a Representative to the Steering Group for Review of Taharoa Domain Reserve Management Plan

ID: A595187

To: Council Meeting, 19 November 2013

From: Vibeke Wright, Policy Advisor

Date: 8 November 2013

Summary The purpose of this report is to facilitate the appointment of a councillor to representative to the Steering Group for Review of Taharoa Domain Reserve Management Plan. It concludes with the recommendation that Councillor Bain be appointed as the Northland Regional Council representative.

Report Type:	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
Purpose:	<input type="checkbox"/> Infrastructure	<input checked="" type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input 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 Taharoa Domain is a 538 hectare recreation reserve containing three freshwater lakes known as the Kai Iwi Lakes. It is administered by the Kaipara District Council, and overseen by the Taharoa Domain Governance Committee. The committee has recently established a steering group to review the Domain's [2002 Management Plan](#)¹ and seeks a regional councillor to participate in the group (see **attached** correspondence).

The framework of the steering group is still being developed by staff and will be subject to the agreement of the Governance Committee, but at this point it is tentatively expected that the workload associated with the steering group will be:

- Reading, considering and providing governance oversight to the plan review, which will be informed by a Technical Advisory Group.
- Attending meetings at approximately two-monthly intervals.
- Completing the review by June 2015

It is understood that Deputy Chairman Ramsey, as the councillor elected from the Kaipara constituency, has expressed an interest in being appointed to this position.

Legal compliance and significance assessment:

The activities in this report are in accordance with council's decision making requirements as detailed in sections 76-82 of the Local Government Act 2002.

¹ see <http://www.kaipara.govt.nz/site/kaiparadistrictcouncil/files/pdf/A-Z%20Documents/675%20-%20TD%20Reserve%20Management%20Plan%20Final%2009-02-2002.pdf>

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This matter has been assessed against council policy and is considered to be of low significance.

Recommendations:

1. That the report "Appointment of a Representative to the Steering Group for Review of Taharoa Domain Reserve Management Plan" by Vibeke Wright, Policy Advisor, dated 12 November 2013, be received.
 2. That Deputy Chairman Ramsey be appointed as the Northland Regional Council representative to the Steering Group for Review of Taharoa Domain Reserve Management Plan.
-

1



Kaipara te Orangohu

KAIPARA
DISTRICT

Two Oceans Two Harbours

05 November 2013

Malcolm Nicolson
Chief Executive
Northland Regional Council
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Whangarei 0148



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Dear Mr Nicolson

**Invitation for Northland Regional Council Governance Representation on Steering Group
for Review of Taharoa Domain Reserve Management Plan**

The Taharoa Domain Governance Committee considered at their 21 October 2013 meeting the best way for the Committee to provide guidance for the review of the Taharoa Domain Reserve Management Plan. To that end, the following resolution was passed by the Committee at their 21 October meeting (unconfirmed minutes):

"That the Taharoa Domain Governance Committee:...

- 3 *Establishes a Steering Group for the review of the Taharoa Domain Reserve Management Plan with the purpose of providing guidance and direction for the review. Membership of the Steering Group to comprise of the Taharoa Domain Governance Committee plus one member from the governance of the Northland Regional Council; and*
- 4 *Writes to the Northland Regional Council inviting a Councillor to be on the Steering Group for the review of the Taharoa Domain Reserve Management Plan; and ..."*

The Taharoa Domain Governance Committee would like to invite a Northland Regional Councillor to join them on a Steering Group for the review of the Taharoa Domain Reserve Management Plan, with the purpose of providing guidance and direction for the review.

Please forward your Northland Regional Councillor Steering Group nomination to the Taharoa Domain Governance Committee, care of the Chief Executive of Kaipara District Council.

Yours faithfully

PP

Ric Parore
Chair, Taharoa Domain Governance Committee
Kaipara District Council

4702.24.01

NRC TDGC rep on Steering Group invite 051172013