

**Northland Regional Council  
Extraordinary Council Meeting  
Agenda**

**Tuesday 11 March 2014 at 10 am**

## NORTHLAND REGIONAL COUNCIL

# Agenda

For the extraordinary meeting to be held in the Council Chamber,  
36 Water Street, Whāngārei, on Tuesday 11 March 2014,  
commencing at 10.00 am

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

### OPEN MEETING

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**ISSUE: Opportunity to enter an agreement with LINZ to procure aerial photography**

**ID:** A618500

**To:** Extraordinary Council Meeting, 11 March 2014

**From:** Kathryn Ross, General Manager Planning and Policy, and Dianne Zucchetto, Geospatial Co-ordinator

**Date:** 28 February 2014

**Summary** The purpose of this report is to request council approval to incur unbudgeted expenditure for the commencement of the aerial photography during 2013/14 to take advantage of the Land Information New Zealand subsidy.

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

**Background:**

On 4 February 2014, in a council workshop, staff updated councillors on the proposal to include aerial photography in the Draft Annual Plan 2014/15.

The workshop covered the:

- Age of current aerial photography
- Need to update aerial photography for business needs
- Limitations of other products such as Google
- Shared initiative with the district councils and Northpower
- Offer from Land Information New Zealand (LINZ) to make a \$200,000 contribution this financial year (2013/2014), and up to \$50,000 the next year.

At the conclusion of that workshop council signalled that it wished to include aerial photography in the Draft Annual Plan 2014/15, based on the on a shared service model. Staff indicated that if the details were firmed up by March 2014 that a request to council for approval to incur unbudgeted expenditure for the commencement of the photography during 2013/14 would be made.

**Discussion:**

To date, funding of aerial imagery has been achieved through a broad partnership model, and to a large degree, this has proven to be very successful for all participants.

Originally, a funding model of 1/3 of project contributions from council, 1/3 from TLA's and 1/3 from Northpower for Whāngārei and Kaipara districts was pursued. As discussed at the workshop, LINZ has expressed support for the aerial photography project, will contribute \$200,000 this financial year (2013/2014) as well as coordinate funding from central government agencies, and could make a further contribution in the 2014/2015 financial year. LINZ will also host and disseminate the aerial photography. The contribution from LINZ would significantly reduce the overall project

costs and would be very cost effective for Northland residents and ratepayers. The \$200,000 is however only available in the 2013/14 financial year. In line with council's indication that it wishes to take advantage of this offer the estimated costs and funding proportions would be:

**Estimated cost and interested parties:**

Area	Interested Parties	Estimated Cost
Whāngārei District 2,855km <sup>2</sup>	WDC NRC NorthPower LINZ	\$97,500
Kaipara District 3,115km <sup>2</sup>	KDC NRC NorthPower LINZ	\$106,000
Far North District 7,320km <sup>2</sup>	FNDC NRC LINZ	\$250,000
<b>Total Project Cost</b>	<b>\$35 per km<sup>2</sup></b>	<b>\$453,500</b>

Proposed funding models based on proportional contribution and dollar value per square kilometre:

Interested Party	Total Area (km <sup>2</sup> )	Estimated Proportional Contribution	Estimated Contribution at \$7.80 km <sup>2</sup>
WDC	2,855	\$19,000	\$22,269
KDC	3,115	\$20,000	\$24,297
FNDC	7,320	\$70,000	\$57,096
NorthPower	5,970	\$38,000	\$46,566
NRC	13,300	\$107,000	\$103,740
LINZ	13,300	\$200,000	\$200,000*

(\* fixed contribution)

A draft memorandum of understanding (MOU) between the councils, Northpower and LINZ to form a consortium and share the cost of aerial photography is being prepared. The MOU is dependent on the inclusion of aerial photography in the council's Draft Annual Plan 2014/2015. (Other councils have signalled that they have included the aerial photography within their Draft Annual Plans for 2014/15.)

Approval to consult on the Draft Annual Plan 2014/15 is the subject of another agenda item. The Draft currently includes council's contribution to aerial photography. It is therefore recommended that council delegates authority to the Chief Executive Officer to enter into the MOU that will allow the council to take advantage of the LINZ contribution and procure the aerial photography as part of a shared service.

The funding received in this financial year will be held in the balance sheet and released as spent. (It therefore will not impact on council's bottom line in the Draft Annual Plan 2014/15.)

**Conclusion:**

If the council agrees to the offer from LINZ to provide \$200,000 for the procurement of aerial imagery there is a significant (44%) saving to Northland Ratepayers. Therefore staff recommend that this offer is accepted and that the Chief Executive Officer be authorised to enter into the MOU that will allow the council to take advantage of the LINZ contribution and procure the aerial photography as part of a shared service with the Northland councils, Northpower and LINZ (and any other party that wishes to contribute to the project). The implication of this decision is that the council must provide for its share of the funding in the Draft Annual Plan 2014/15 (and it has done so in the agenda item "Approval to consult on the Draft Annual Plan 2014/15"). The flying would commence in 2014/15. Contracts to secure the acquisition of the imagery would need to be negotiated during 2013/14 (given the lead in time to secure a service provider, including Request for Proposals, and the window for flying).

**Legal Compliance & Significance Assessment:**

Council is proposing to fund the acquisition of up to date aerial imagery, which is a core requirement of council, through a broad partnership model as part of its Draft Annual Plan 2014/15, which is the subject of another agenda item at this meeting. The delegation to the Chief Executive Officer to enter into a MOU based on a council decision is considered routine.

The matters contained in this item are therefore part of routine operations and considered to be of low significance under council policy. The entering into a MOU that includes LINZ and under which LINZ pays to council \$200,000 in the current financial year, represents both an efficient and effective use of ratepayer funding and keeps the costs to Northland ratepayers (households and businesses) down. Should council not proceed with the project for any reason during 2013/14 or 2014/15 the \$200,000 should be refunded to LINZ.

**Recommendations:**

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1. That the report "Opportunity to enter an agreement with LINZ to procure aerial photography" by Kathryn Ross, General Manager Planning and Policy, and Dianne Zucchetto, Geospatial Co-ordinator, and dated 28 February 2014, be received.
  2. That council delegates to the Chief Executive Officer authority to enter into a Memorandum of Understanding during 2013/14 to acquire up to date aerial imagery as part of a shared service with the Northland councils, Northpower and LINZ (and any other party that wishes to contribute to the project).
  3. That council delegates to the Chief Executive Officer authority to enter into contracts on behalf of council during 2013/14 to ensure the acquisition of aerial imagery can be completed during 2014/15.
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**ISSUE: Kotuku Dam services relocation tender – recommendation from the Audit and Risk Committee.**

**ID:** A620137

**To:** Extraordinary Council Meeting, 11 March 2014

**From:** Chris Taylor, Council Secretary

**Date:** 28 February 2014

**Summary** The purpose of this report is to enable council to consider and retrospectively approve the Audit and Risk Committee’s recommendation regarding the awarding of the Kotuku Dam Services Relocation Tender. It concludes with the recommendation that council retrospectively provides its approval.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input checked="" 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 type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input checked="" type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

The background on the Kotuku Dam Services Relocation Tender was provided for consideration by the Audit and Risk Committee at its 18 February 2014 meeting<sup>1</sup> and it was resolved;

*“That the Committee recommends to council that the tender for Kotuku dam services relocation be awarded to United Civil Construction for \$283,567.96 (excl. GST), and that the Vector and Northpower quotes be accepted for \$102,210.00 (excl. GST) with that work to be contracted directly to the council.”*

Although the membership of the Audit and Risk Committee and council is one and the same; it is only the tender committee, consisting of the CEO and Chairman, or council itself which has delegated authority to award tenders in excess of \$100,000<sup>2</sup>.

Since council meet on a bi-monthly basis, and to ensure this critical project was not further delayed, the letting of the tender has been progressed based on the Audit and Risk Committee’s decision. However, to comply with council policy, council is now requested to retrospectively approve the recommendation of the Audit and Risk Committee.

<sup>1</sup> Refer to Supplementary Confidential Item 4.4 of the 18 February 2014 Audit and Risk Committee agenda

<sup>2</sup> Refer to the Management Policies and Procedures Manual

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are included in council's 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.

If council follow the staff recommendation (as below) then this matter is deemed to be of low significance.

However, the matter is considered to be potentially significant if council chose not to approve the Audit and Risk Committee's recommendation; it could impact severely on the ability to complete the project during suitable weather conditions and in turn escalate costs. It would also adversely affect negotiated contracts.

When the council enters into construction agreements for the Kokutu detention dam, if the actual cost increases are significant compared to those contained in the Long Term Plan it will need to specifically consider whether this creates an inconsistent decision. If there is an inconsistent decision then the council must clearly identify the inconsistency, the reasons for it and whether the council intends to amend the Long Term Plan to accommodate this decision.

**Recommendations:**

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1. That the report "Kotuku Dam services relocation tender– recommendation from the Audit and Risk Committee" by Chris Taylor, Council Secretary, and dated 28 February, be received.
  2. That council approve the recommendation from the Audit and Risk Committee that the tender for Kotuku dam services relocation be awarded to United Civil Construction for \$283,567.96 (excl. GST), and that the Vector and Northpower quotes be accepted for \$102,210.00 (excl. GST) with that work to be contracted directly to the council.
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**ISSUE: Northland Inc Draft Statement of Intent**

**ID:** A620741

**To:** Extraordinary Council Meeting, 11 March 2014

**From:** Chris Taylor, Council Secretary

**Date:** 4 March 2014

**Summary** The purpose of this report is to enable council to receive Northland Inc's Draft Statement of Intent (SOI) 2014 - 2017. It concludes with the recommendation that SOI be received and that the council delegates responsibility to the Chief Executive Officer, in consultation with the economic development working party, to provide feedback to Northland Inc on the Draft SOI.

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

**Background:**

According to Schedule 8 of the Local Government Act 2002:

*"The board of a council controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year".*

Furthermore;

*"The board must –*

- (a) Consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of the; and*
- (b) Deliver the completed statement of intent to the shareholders on or before 30 June each year."*

**Discussion:**

Northland Inc's Draft Statement of Intent 2014 – 2017 is included as **Attachment 1** to the report. Initial review of the document confirms it includes the necessary statutory components; as per Schedule 8, 9(1) of the Local Government Act 2002.

However, it is important to note that on 11 July 2013 the Northland Regional Council resolved a series of recommendations regarding Northland Inc's 2013 - 2016 Statement of Intent (the minutes relating to this discussion are included as **Attachment 2**). The content of this resolution is not reflected in the Draft Statement of Intent 2014 – 2017.

Furthermore, on 18 February 2014 the Audit and Risk Committee gave consideration to the Investment and Growth Criteria (Item 3.16 of the agenda) and matters arising from this discussion noted:

*“There was general agreement that Northland Inc Limited’s Statement of Intent 2014/15 must include the need to consider the geographic spread of economic development across Northland”.*

Hence it is recommended that these matters be incorporated in the commentary to Northland Inc.

**Legal Compliance & Significance Assessment:**

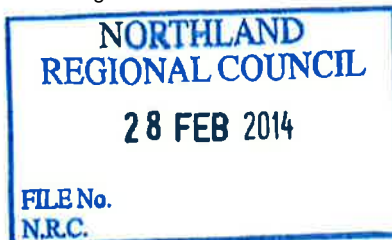
Schedule 8(2) of the Local Government Act requires the board of a council controlled organisation to deliver to its shareholders a draft statement of intent on or before 1 March each year.

A statement of intent is the mechanism by which shareholders can influence the direction of the organisation and provide a basis for the accountability of the directors to their shareholders for the performance of the organisation. The potential loss of control of a council controlled organisation is deemed a significant matter; hence the content of a statement of intent must be a careful consideration of council.

**Recommendations:**

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1. That the report “Northland Inc Draft Statement of Intent” by Chris Taylor, Council Secretary, and dated 4 March 2014, be received.
  2. That the Northland Inc Limited “Draft Statement of Intent 1/7/2014 – 30/6/2017” be received.
  3. That the Chief Executive Officer, in consultation with the economic development working party, be delegated authority to provide feedback to Northland Inc on its Draft Statement of Intent 2014 – 2017.
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# Northland Inc Ltd

## Draft Statement of Intent 1/7/2014 - 30/6/2017

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## **1 Message from the Board**

This is the third Statement of Intent of Northland Inc. The first Statement of Intent (SOI) saw work undertaken to identify the key areas of activity where Northland Inc had to achieve success if we were going to resurge Northlands success. The second SOI built on developing activity in key sectors and refining the Investment and Growth Reserve programme.

This third Statement of Intent further builds on that platform, by targeting specific programme areas of work that align to NRC's economic development objectives. These programme areas are underpinned by a business plan which outlines projects and activities to be undertaken and an intervention logic and performance management framework which outlines why Northland Inc is working in these areas and how performance will be assessed.

Northland Inc will focus activities in the following areas:

- Facilitating increased productivity in primary industries.
- Facilitating the development of increased processing and manufacturing that leverages Northlands key sectors and comparative advantages
- Looking for and supporting innovation and developing sunrise industries, clusters or business networks that build on comparative and competitive advantages and take advantage of market opportunities
- Supporting the development of enabling infrastructure
- Promoting the region to visitors and investors and as an attractive place to live, work and play.

Our primary focus will be centered on seeking out, preparing investment cases and the subsequent funding of major projects, utilising a syndication of funding streams including the Investment and Growth fund

This Statement of Intent lays out how Northland Inc will manage investments to drive the step change in the Northland economy.

## **2 Introduction**

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

Northland Inc is funded by an operational contribution from the Northland Regional Council and is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of five Directors, each appointed for a two year term by the NRC. A Chair is chosen by the Directors. Operational activity is led by the Chief Executive Officer.

Northland Inc has no subsidiaries or joint ventures.

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

### **3 Background**

Northland Inc is a CCO of the Northland Regional Council, and is the regional economic development agency. The purpose, objectives and performance targets of this SOI have been developed in that context.

Northland Inc works with a number of strategically important institutions in Northland across public and private sector with common agenda to strengthen Northland's economy.

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

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

## **4 Purpose / Objectives** (Sec 9 (1) (a))

### **Purpose**

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

### **Mission**

Northland Inc aims to strengthen and diversify the regional economy. It does this by facilitating the creation of sustainable jobs, business, investment, and export opportunities in strategic sectors and communities across Northland.

### **Objectives**

Northland Inc aims to provide vision, aspiration, leadership and unity-of-purpose in sustainable economic development for Northland through all its communications and stakeholder engagement. Northland Inc will work with key industry sectors in Northland to address market failures, facilitate value-added activities and value chain improvements, increase exports, and provide business, job and investment opportunities.

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

- Provide advice to NRC in regard to Investment opportunities for Northland that may provide a better return for NRC funds.
- Partner with Iwi, hapu, and maori collective organisations to facilitate economic development opportunities for Northland
- Provide well researched and well prepared economic development projects for consideration of NRC's Investment and Growth Reserve.
- Establish a suite of capital assistance and investment partners; including an Angel Investor network and access to venture capital for Northland entrepreneurs and firms.
- Facilitate business support for Northland firms to build management capability and capacity, promote capital investment, research and development
- Communicate Northland's economic development successes to internal and external stakeholders to build confidence in the Northland economy.
- Leverage Northland's proximity to Auckland to facilitate economic development opportunities for Northland.
- Work to reduce disparities in Northland by actively promoting economic development projects that can lift communities and local economies.



## **5 Governance Approach** (Sec 9 (1) (b))

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

## **6 Nature and scope of activities to be undertaken** (Sec 9 (1) (c))

The nature and scope of activities of Northland Inc are to deliver on the vision, mission and objectives of the organisation through focusing on the following areas:

1. Facilitating increased productivity in primary industries.
2. Facilitating the development of increased processing and manufacturing that leverages Northlands key sectors and comparative advantages
3. Looking for and supporting innovation and developing sunrise industries, clusters or business networks that build on comparative and competitive advantages to take advantage of market opportunities
4. Supporting the development of new enabling infrastructure
5. Promoting the region to visitors and investors and as an attractive place to invest, live, work and play and increasing the value gained from visitors, support and promotion of events of regional significance.
6. Developing an economic development action plan for Northland (Northland 2025) with the aim of strengthening and diversifying the economy and taking a leadership role in its implementation.
7. Provide a continual deal flow of well researched and well prepared economic development projects for consideration of NRC's Investment and Growth Reserve.

Northland Inc intends to deliver on this through the organisation having the following five primary work streams:

1. Business Development

2. Industry Sector Development
3. Investment and Infrastructure
4. Maori Economic Development
5. Regional Promotion

In undertaking these activities, Northland Inc' will be seeking to:

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

## **7 Shareholders' funds** (Sec 9 (1) (d))

The Equity Ratio shall be 100% unless specifically authorised by the shareholder.

## **8 Accounting policies** (Sec 9 (1) (e))

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

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

## **9 Performance targets** (Sec 9 (1) (f))

Key Performance indicators are:

- Financial – comply with annual budget
- Northland 2025 Regional Action Plan developed
- Minimum of 150 unique business engagements and \$500,000 invested in building capacity in Northland firms
- Investments made in strengthening and diversifying the Northland economy facilitated by Northland Inc – board recommendation made on a minimum of 4 projects
- Minimum of two partner projects with Iwi, hapu and/or maori collective organisations
- Minimum of 5% increase in website traffic on Northlandnz.com



## **10 Distributions to shareholders (Sec 9 (1) (g))**

No distribution to the shareholder is required during the 2014/15 financial year.

## **11 Information to be provided to the Shareholders (Sec 9 (1) (h))**

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

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

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

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

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

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

## **12 New entries, acquisitions and sales (Sec 9 (1) (i))**

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

## **13 Activities for which local authority funding is sought (Sec 9 (1) (j))**

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

**14 Estimate of the commercial value of the shareholders' investment** (Sec 9 (1) (k))

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

The business should be viable (have a positive net worth) by the end of each financial year.

**15 Any other matters** (Sec 9 (1) (l))

The Council is required to hold a confidential Council meeting at Northland Inc's request to discuss any matter which is considered commercially sensitive. Northland Inc has the ability to submit formal reports into the confidential agenda of any such meeting.

**16 Financial Information** (Sec 9 (3))

A prospective statement of financial performance is included as Appendix A.

Appendix A: Prospective Statement of Financial Performance

**NORTHLAND INC Forecast  
Prospective Statement of Financial Performance**

	2014/15	2015/16	2016/17	Forecast
<b>Income</b>				
NRC Opex	1,150,000	1,173,000		1,196,460
NRC I & G	200,000	200,000		200,000
WDC	105,000	105,000		105,000
FNDC	55,000	55,000		55,000
NZTE & CI	230,000	230,000		230,000
KDC	0	0		0
<b>Total Income</b>	<b>1,740,000</b>	<b>1,763,000</b>		<b>1,786,460</b>
<b>Less</b>				
Programme Expenditure	474,305	474,305	474,305	474,305
Salaries	786,000	809,000	827,460	827,460
Overheads	467,840	472,518	477,243	477,243
<b>Total Expenditure</b>	<b>1,728,145</b>	<b>1,755,823</b>	<b>1,779,008</b>	<b>1,779,008</b>
<b>Net Surplus</b>	<b>\$ 11,855</b>	<b>\$ 7,177</b>		<b>\$ 7,452</b>

Notes

Forecasted NRC Opex Income is based on a 2% (CPI) adjustment



**Extract from the minutes of the ordinary meeting of the Northland Regional Council – Thursday 11 July 2013**

**Northland Inc. 2013/14-2015/16 Statement of Intent (Item 8.1)**

**ID: A550302**

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

**Moved (Brown/Hunt)**

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

**1. Nature and Scope of Activities**

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

**2. Performance Targets (new)**

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

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

**ITEM 3.3: Attachment Two**

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

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

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

**Carried**

**ISSUE: Approval to consult on the Draft Annual Plan 2014/15**

**ID:** A620420

**To:** Extraordinary council meeting, 11 March 2014

**From:** Kathryn Ross, GM Planning and Policy, and Simon Crabb, Finance Manager

**Date:** 2 March 2014

**Summary** The purpose of this report is to present council with the Draft Annual Plan 2014/15 (including the Proposed amendments to the Navigation, Water Transport and Maritime Safety bylaw charges 2013) for approval. It concludes with the recommendation that that council approve the Draft Annual Plan 2014/2015 and Proposed amendments to the Navigation, Water Transport and Maritime Safety bylaw charges 2013 for public consultation.

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

**Background:**

Under section 95 of the Local Government Act 2002, council must prepare and adopt an annual plan in the years between each Long Term Plan. Council has considered the proposed content of the Draft Annual Plan 2014/15, **enclosed with the council agenda**, in a series of workshops held between November 2013 and February 2014. The proposed content of the Draft Annual Plan 2014/15 and amendments to the Navigation, Water Transport and Maritime Safety bylaw charges 2013) are in line with the direction set at each of these workshops.

**The Draft Annual Plan**

1. Financial overview

Under the **enclosed** Draft Annual Plan for 2014/15 the average general rates per rate payer **will not increase**.

Our proposed revenue forecast is \$32,227,977. This is about \$544,000 less than our Long Term Plan forecast of operating revenue for the 2014/15 year, which was \$32,771,871. The main reasons for the 1.65% decrease are:

- A lower proposed annual general rate increase of 0% included in this plan (compared to a 7.22% increase forecast in the Long Term Plan). This combined with the reduced rates increase in 2013/14 (from 6.45% as proposed in the Long Term Plan to 3%) results in general rating income reducing by \$1.24 million.
- Other targeted rating revenue is \$543,000 less than the forecasted amount in the Long Term Plan as the increase signalled for the Awanui Scheme River

**ITEM: 3.4**

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rates for 2014/2015 is not required as part of this year's Draft Annual Plan due to the programme delays explained in the update to key projects – Awanui River Flood Management Scheme.

- Our projected income from dividends is \$1.36 million higher than originally forecast in the Long Term Plan. This includes a revised port dividend and dividend income from Regional Software Holdings Limited.
- Grants and subsidies are \$327,000 lower than forecast in the Long Term Plan. This is mainly due to the reduction in subsidies received from the New Zealand Transport Agency and the removal of the Department of Conservation's Bio-Condition subsidy funding
- Interest income is \$654,000 higher than forecast in the Long Term Plan. This is mainly due to the returns generated from the sale proceeds of the property in Kensington (however the forecasted rental income has reduced as a result of this sale also).

Council is forecasting \$29.4 million of operational expenditure to support service delivery in 2014/15 and total capital expenditure of \$6.9 million – the Whāngārei detention dam accounts for \$3.3 million of this and the Awanui and Kerikeri-Waipapa River works accounts for \$2.4 million. Our capital expenditure also includes \$518,000 for replacing and purchasing new plant and equipment; \$315,000 for information technology; and \$424,000 for vehicle replacement.

Proposed rates for 2014/15

	<b>Far North (per SUIP) incl. GST</b>	<b>Kaipara (per RU) incl. GST</b>	<b>Whāngārei (per SUIP) incl. GST</b>
<i>(Assuming Land Value is \$225,000, and excluding River Management Rates)</i>			
Council Services Rate	\$89.08	\$112.08	\$107.28
Land Management Rate	\$75.49	\$73.85	\$75.62
Regional Recreational Facilities Rate	\$5.75	\$5.75	\$28.75
Regional Infrastructure Rate	\$8.15	\$8.06	\$8.12
Rescue Helicopter Service Rate	\$8.10	\$8.10	\$8.10
Transport Rate (Whāngārei District)			\$12.58
<b>TOTAL (incl. GST)</b>	<b>\$186.57</b>	<b>\$207.84</b>	<b>\$240.45</b>



2. Fees and charges – additional information not presented during the workshop phase

As signalled in workshop papers for the final workshop on 4 February 2014, staff have completed the review of all fees and charges against the council's Revenue and Financing Policy – which assumes that users and beneficiaries should pay for council services. We have also reviewed the charges against other regional council charges.

In addition to inflation based changes, staff recommend that the council proposes to change the Navigation, Water Transport and Maritime Safety bylaw charges 2013 as follows:

- **Section 3(b)(3)(b) and (c)** - to clarify the existing fee for the situation where 10 to 24 swing and/or pile moorings are owned by one person or organisation and ensures (b) and (c) apply a consistent threshold. (The fee has previously been charged so this is considered an administrative amendment for clarification.)
- **Section 3(b) 5** – to remove the reference to private accommodation and replace it with the term “non-commercial structures” to tie in with the council's charging policy and the intent of the reference to private accommodation.
- **Section 3(b) 13(a) & (b)** - to include charges for applications to modify mooring licence conditions and owner benefit inspections. Actual officer time will be charged in accordance with the council's charging policy to reflect the user pays principle. This removes the current unintended rates subsidy that has developed for as modifications and inspections, requests for which have increased significantly since the bylaw charges were last reviewed.
- **Section 7(c)** – to remove references to vessels from 100 to 500 GT as these are not typically piloted by council. Consequently 7(c)(iii) becomes section 7(c)(ii). (The removal of the fee will not adversely affect or negatively impact upon users.)
- **Section 9** - to provide for full cost recovery in line with council's Revenue and Financing Policy.

The recommended changes in the draft charging policy 2014/15 are:

- incorporation of the proposed amendments to the Navigation, Water Transport and Maritime Safety bylaw charges 2013
- the inflation adjustment
- minor amendments to the description of activities or uses to promote consistency within the terminology of the policy (which does not affect the charges themselves)
- clarify that the fee for buildings in the coastal marina area applies to all non-commercial buildings not just private accommodation, and should be read with the removal of the reference from the bylaw charges to private accommodation.
- revised estimated charges for council's larger consent holders
- no change vehicle rates as IRD rates have not changed but does change floating plant rates e.g. Waikare charge out rate, to reflect changes in running costs (both up and down). Please note that this does not equate to commercial rates.

The fees and charges including the bylaw are specifically consulted on as part of the DAP process.

3. Key issues for consultation

In addition to consulting on the bylaw change and the charging policy council is also consulting on its proposed decisions:

- to sell some of the council's leasehold properties on a discretionary, case-by-case basis
- to reduce the amount of investment income to be transferred

and highlighting key focus areas, activities and additional funding as follows:

- Better local government in Northland and working in partnership with the other councils of Northland (and in line with our Triennial Agreement 2014) on common priorities and shared services for the benefit of Northland ratepayers
- Council's commitment to the establishment of Te Taitokerau Regional Māori Advisory Committee
- Increased monitoring in priority catchments as part of Waiora Northland Water
- The increased Environment Fund budget
- Progress with the new Regional Policy Statement and the review of regional plans
- The Review of the Regional Pest Management Strategies and additional funding for Kauri dieback
- Priority Rivers and the Kokutu detention dam cost increases
- Economic development, the funding of tourism from the Investment and Growth Reserve and the change in criteria for the Reserve
- Aerial photography and the opportunity to leverage funding from Land Information New Zealand (with potentially other central government departments also contributing) during 2014 and 2015 (which is the subject of another report to this council meeting).

In addition council is required to note any variance in the performance measures or targets contained in the Draft Annual Plan 2014/15. During 2012/13 council reprioritised some of its species and site led pest management work including its focus on Community Pest Control Areas (CPCAs) to address the discovery of Mediterranean fanworm – an internationally recognised significant marine pest. It is recommended that, in line with the discussion held at the May 2013 Environmental management Committee meeting, council formally change its CPCA performance target to three CPCAs (not five) in recognition of the need to continue its focus on Mediterranean fanworm.

The Message from the Chairman and Chief Executive will be inserted into the Draft Annual Plan post council's approval to consult (it will be in English and Te Reo Māori) and the summary of the Draft Annual Plan will be produced. (This is an administrative matter governed by section 89 of the Local Government Act 2014.)

A cover will also be added and further formatting and proof checking will occur.

**Consultation**

The next step in the Draft Annual Plan project is formal public consultation. A month long consultation is planned from 31 March 2014 to 3 pm 1 May 2014. Hearings will be held between 12 and 16 May 2014.

The summary will be physically produced on a limited basis given the business as usual approach taken in the Draft Annual Plan and the summary and full plan will be available on the council's website, at libraries and the council's offices. Radio

advertising will also help raise awareness of the summary and consultation as will a special feature in the Regional Report.

A public meeting of the Urban Whāngārei Rivers Liaison Committee will be held in Whāngārei to explain to the public and seek their feedback on the Kokutu detention dam cost increases.

Staff will write to the 140 leaseholders affected by the council's proposal to sell some of the council's leasehold properties.

Council is already engaging with Māori on the establishment of Te Taitokerau Regional Māori Advisory Committee. It is anticipated that the Chair of the Working Party, the Chairman of council and the Chief Executive Officer will highlight other key areas of the Draft Annual Plan 2014/15, as they follow up their invitations to discuss the proposed committee, in their meetings during March through May.

### **Adoption**

It is proposed that the plan be adopted at the council meeting on 17 June 2014. (A public deliberations meeting is scheduled for 30 May 2014.)

When the council deliberates and adopts its Annual Plan 2014/15 it will need to specifically consider any inconsistent decisions that arise, for example in adjusting the contribution to the Investment and Growth Reserve. If there is an inconsistent decision then the council must clearly identify the inconsistency, the reasons for it and whether the council intends to amend the Long Term Plan to accommodate this decision.

A similar process may to be considered when the council enters into construction agreements the Kokutu detention dam, if the actual cost increases are significant compared to those contained in the Long Term Plan.

### **Legal compliance and significance assessment:**

The process for developing and adopting an Annual Plan is prescribed in the Local Government Act 2002 and includes using the special consultative procedure to consult with residents on the draft plan before deliberations and adoption.

### **Recommendations:**

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1. That the report "Approval to consult on the Draft Annual Plan 2014/15" by Kathryn Ross, GM Planning and Policy, and Simon Crabb, Finance Manager, and dated 2 March 2014, be received.
  2. That the council approves the release of its Draft Annual Plan 2014/15 (including the Proposed amendments to the Navigation, Water Transport and Maritime Safety bylaw charges 2013) for formal public consultation for the period 31 March 2014 to 1 May 2014.
  3. That the council delegates to the Chief Executive Officer the authority to make any necessary minor formatting, typographical and administrative changes to council's Draft Annual Plan 2014/2015 prior to formal public consultation and the production of the summary.
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