

**Northland Regional Council  
Property Subcommittee Meeting**

**Wednesday, 12 July 2017 at 9 am  
Committee Room, Northland Regional Council  
36 Water Street, Whangārei**

**NORTHLAND REGIONAL COUNCIL**

**Property Subcommittee Agenda**

For meeting to be held in the Committee Room,  
36 Water Street, Whangārei, on Wednesday 12 July 2017,  
commencing at 9.00 am.

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

**OPEN MEETING**

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**TITLE:** Confirmation of Property Subcommittee Minutes  
12 June 2017

**ID:** A961763

**To:** Property Subcommittee, 12 July 2017

**From:** Maxine Bailey, Property Officer

**Date:** 3 July 2017

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### **Executive summary**

The purpose of this report is to present for confirmation the minutes of the property subcommittee meeting held on 12 June 2017.

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

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### **Recommendation**

1. That the minutes of the property subcommittee meeting held on 12 June 2017 be confirmed as a true and correct record.

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### **Attachments:**

- Ordinary Property Subcommittee Minutes – 12 June 2017

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### **Authorised by Group Manager:**

**Name:** Phil Heatley

**Title:** Manager, Strategic Projects

**Date:** 3 July 2017

## NORTHLAND REGIONAL COUNCIL PROPERTY SUBCOMMITTEE

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Minutes of meeting of the Property Subcommittee  
held in the Hokianga Room, Northland Regional Council, 36 Water Street, Whangārei,  
on Monday 12 June 2017 commencing at 3.00 pm

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**Present:**

- Cr Penny Smart (Chair)
- Cr David Sinclair
- Cr John Bain
- Cr Bill Shepherd (ex officio)

**In Attendance:**

**Full Meeting**  
Chief Executive Officer  
Property Officer

**Part Meeting**  
GM – Strategy and Governance

*The Chair declared the meeting open at 3.00 pm.*

**Apologies (Item 1.0)**  
Strategic Projects Manager

**Declarations of Conflict of Interest (Item 2)**

It was advised that councillors should make declarations item-by-item as the meeting progressed.

*Secretarial Note: General Manager – Strategy and Governance, Jonathan Gibbard, informally addressed the Property Subcommittee regarding the Property Subcommittee Terms of Reference, Chief Executive Delegations and the appropriate structure for dealing with investment property work given that the majority of the meetings meet LGOIMA requirements for excluding the public. A formal agenda item is to be presented to the Property Subcommittee Meeting on 12 July 2017 for consideration.*

**Closed Meeting (Item 3.0)**

**ID A948040**

**Report from Strategic Projects Manager, Phil Heatley  
Moved (Smart/Shepherd)**

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

Item No.	Item Issue	Reason\Grounds
3.1	Land Subdivision Opportunity	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
3.2	Update: Property Subcommittee 2017 Action Notes	<p>The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the council to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).</p> <p>The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information 7(2)(b)(ii).</p>

**Carried**

**CONCLUSION**

The meeting concluded at 4.30 pm.

**TITLE:** Efficient and Effective Operation of the Property Subcommittee  
**ID:** A961724  
**To:** Property Subcommittee, 12 July 2017  
**From:** Jonathan Gibbard, Group Manager Strategy and Governance  
**Date:** 4 July 2017

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### Executive summary

The purpose of this item is to provide some clarification about the responsibilities of the Property Subcommittee, delegations of the Chief Executive Officer (CEO) and options to ensure the efficient and effective operation of the Property Subcommittee.

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### Recommendation(s)

1. That the report 'Efficient and Effective Operation of the Property Subcommittee by Jonathan Gibbard, Group Manager Strategy and Governance and dated 4 July 2017, be received.
  2. That the Property Subcommittee establish a Property Working Party, comprising all members of the Property Subcommittee.
  3. That the Property Subcommittee be reviewed, as part of the wider governance structure review at the end of the year, to ensure the most effective and efficient governance structure to oversee council's property portfolio.
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### Background:

Clarification has been sought as to the Property Subcommittee's delegations and how best to ensure the efficient and effective oversight of council's property investments.

In simple terms, the idea behind the Property Subcommittee (subcommittee) was to work with the CEO and relevant staff to maximise the council's property investments by making appropriate recommendations to council for the sale and purchase of properties. The subcommittee would do all the strategic planning and legwork, while council still must make the final decision.

Key elements of the subcommittee's terms of reference include:

Objectives:

- *Provide oversight and assistance to the CEO to negotiate property sale and purchase agreements; and*
- *Make recommendations to council on property investment matters.*

Responsibilities:

- *To work with the CEO to negotiate sale and purchase agreements for properties within +/- 5% of their valuation, and provide appropriate sale and purchase recommendations to council for consideration.*

- *Undertake property investment functions referred to in the Treasury Management Policy (TMP).*

Given the terms of reference refer to working with and assisting the CEO on property sale and purchases, it's also relevant to consider the CEO's delegations. Council approved the new council Delegations Manual last month which confirmed the CEO has delegated authority to negotiate sale and purchase agreements for properties within +/- 5% of their valuation prior to ratification by council.

For clarity, section 32(1)(c) of the Local Government Act 2002 prohibits the council from delegating the responsibility to purchase or dispose of assets, other than in accordance with the Long Term Plan (LTP). Use of the LTP in property transactions would normally have to do with the sale or purchase of strategic assets or disposal of endowment land – not commercial / investment property transactions. What this means is that all decisions relating to the actual purchase or disposal of investment property or leases can only be made by council resolution.

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## **Considerations:**

### **1. Options**

There has been some discussion about the most appropriate structure for dealing with council's investment property work.

#### Option 1: All meetings held as a formal meeting of the subcommittee

All formal meetings of the subcommittee must comply with LGOIMA requirements to advertise meetings, produce an agenda and minutes. The minutes are adopted at a subsequent council meeting. The resolutions of the subcommittee are recommendations to council and the subcommittee has no formal decision making delegation. This option provides a very clear and transparent process, however, is the least flexible in terms of the ability to meet at short notice and be fleet of foot.

#### Option 2: Retain the Subcommittee and establish a Working Party (as provided for within the subcommittee's terms of reference)

The other structure currently used within council's formal governance structure is a working party. Council has decided that working parties are to be open to the public (unless LGOIMA public exclusions requirements are met), that the order paper is to be publicly available on the council's website, and a record of discussion and agreed action points are to be kept. A summary of the record of discussion is included in an update to council from all working parties at a full meeting of the council.

The main difference between the working party and subcommittee structure is around the cost and lead time required for public notification. Council would still be kept abreast of the property investment activities through inclusion in the working party updates to council (in the confidential section if required). Property investment decisions would remain with the council.

An element of transparency and accountability is maintained as order papers are publicly available and a summary of discussions included in the council agenda (albeit in the confidential section).

The subcommittee's current terms of reference provide for the establishment of a working party to assist with the efficient and effective operation of the subcommittee. The subcommittee could meet as a working party and operate under the CEO's delegations (as outlined above).

Option 3: Retain the subcommittee and meet in a workshop setting

The main difference between the workshop structure and the others discussed in this paper is that there is no ability to publish the agenda or report back to council on the discussion. The administrative work (papers and presentations) would remain unchanged.

For little benefits over a working party structure, the risks introduced with running the subcommittee primarily through workshops are:

- 1) Fails to meet the section 14 Local Government Act 2002 requirements for conducting council business in an open, transparent and accountable manner.
- 2) Does not keep the remainder of council abreast of property investments activities – this introduces the risk that the remainder of council will not support a property investment recommendation because they have not been kept abreast of the lead up discussions.
- 3) Sets a precedent for other subcommittee's and working parties to meet and discuss business primarily through workshops and further exacerbate the risks identified in 1 and 2 above.

Option 4: Disestablish the subcommittee and establish a working party

If a working party structure is the preferred option, establishing a working party (as outlined in Option 2), would enable council to trial the working party structure, satisfy itself that this is an appropriate governance structure and disestablish the subcommittee as part of the wider governance review at the end of the year.

Recommendation

Staff recommend Option 2. That council retain the subcommittee and establish a working party (as is provided for in the subcommittee's terms of reference) and trial that structure between now and the end of the year and that its future reviewed as part of the wider governance structure review.

## **2. Significance and Engagement**

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's significance and engagement policy because it is part of council's day to day activities. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement.

## **3. Policy and Legislative Compliance**

Decisions recommended within this report are consistent with council's policies, legislative requirements and the subcommittee's terms of reference.



**Further Considerations**

Being a purely administrative matter, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not applicable.

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**Authorised by Group Manager:**

**Name:** Jonathan Gibbard

**Title:** Group Manager Strategy and Governance

**Date:** 4 July 2017

**TITLE:** Mount Tiger Forest Quarterly Report  
April to June 2017

**ID:** A961793

**To:** Property Subcommittee, 12 July 2017

**From:** Phil Heatley, Strategic Projects Manager

**Date:** 4 July 2017

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### **Executive summary**

The purpose of this report is to present background information and an update on Council's Mount Tiger Forest by way of the attached report from Ian Jenkins of Jenksmax Consulting Limited, Council's forestry consultant.

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### **Recommendation**

1. That the report Mount Tiger Forest Quarterly Report April to June 2017 by Phil Heatley, Strategic Projects Manager and dated 6 July 2017 be received.

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### **Attachments:**

- Mount Tiger Forest, Brief Report on Forestry Status April to June 2017 by Jenksmax Consulting Ltd.

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### **Authorised by:**

**Name:** Malcolm Nicolson

**Title:** Chief Executive Officer

**Date:** 4 July 2017



## NRC – MOUNT TIGER FOREST

### BRIEF REPORT ON FORESTRY STATUS – For April 2017 – June 2017

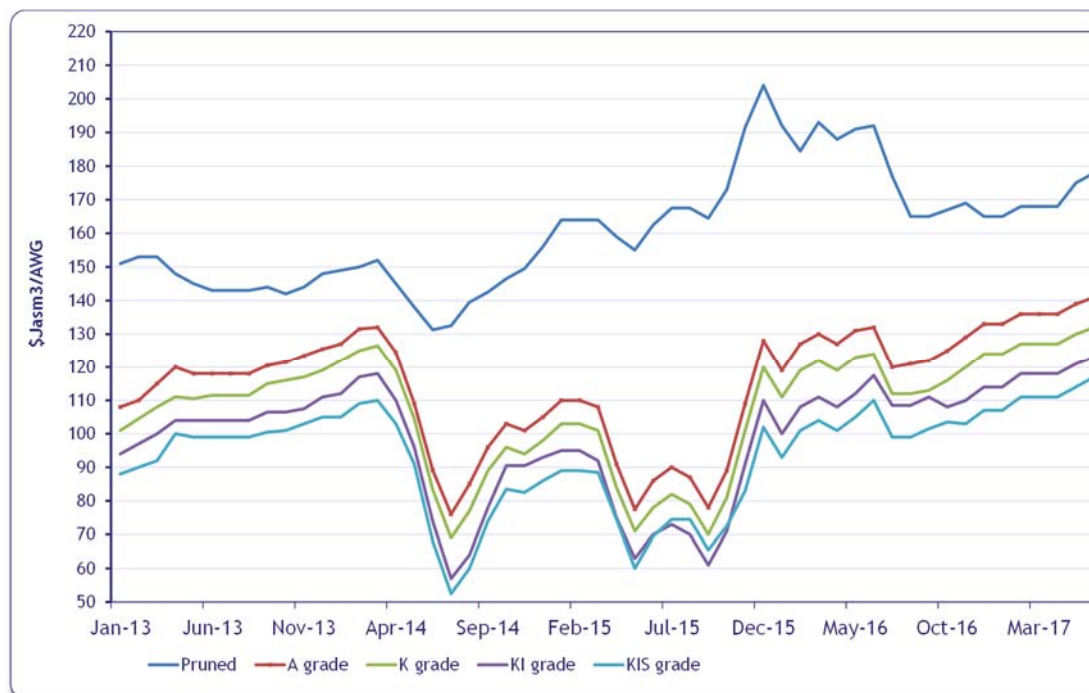
#### 1 Background

- The last report, (Jan-Mar 2017) was the first report for the new Council, and was more descriptive than usual, and contained an introduction to the NRC forest commercial holding and some background information.
- Ian Jenkins, Council's forestry adviser and consultant attended the Property Subcommittee Meeting 5 April and provided a complementary presentation.
- This is the second report, for the period April 2017 to June 2017, however as the financial year (FY 30 June 2017) has only just finished a few days ago, all accounts are not to hand at the time of writing, so it is not possible to provide a formal YE report now.
- This is however done formally in a report "*Forest Management Plan – Reporting Actual Performance Against Targets 2016-17*" prepared later this month, as a submitted report to Council.
- This report therefore provides a brief update of activities and relevant comments for the last quarter.

#### 2 Forest Harvesting

- There presently remain no forest harvest activities underway at Mt Tiger forest.
- The next planned harvest is 23 ha (a. 11,000 tonnes - 1991 stand) scheduled and budgeted for the summer of 2019-2020, or when market conditions are favourable.
- Harvest timing should ideally be market driven, as well as taking account of logistics re: equipment/crew availability and working in with other local small blocks to minimise establishment and set-up costs.
- Pre-harvesting planning activities (inventory, harvest plan, consents, etc) will start later this year to have this 1991 block "harvest ready" and thus provide more flexibility and allow prompt harvest start-up.
- Given the next harvest is still 2 years away, for interest only, the graph below shows recent export log prices.

## NORTHLAND REGIONAL COUNCIL – Forestry Report June 2017



- 2010 and 2011 were reasonable years for NZ forest growers exporting logs, but the market dipped during late 2011 and early 2012, but steadily recovered during 2013. As can be seen above, the past year and 2017 in particular has seen excellent export log prices.
- Most sources seem to believe the log export market will not go a lot higher and maybe undergo a modest correction some time later in 2017 and will then fluctuate, but average out longer-term slightly below the present levels.
- Looking forward, who knows for certain what log prices will do, but general industry sentiment at the present time is positive, at least in the medium to long term for export logs.
- The last report contained some commentary about future forest market demand and supply as it pertains to the NRC forest.

## 2 Forest Development Programme

- The NRC Mt Tiger silvicultural work and forest development activity planned for the 2016/17 budget year is the repeat (2<sup>nd</sup>) foliar sampling and possible fertilising of the 2004 areas (42.6 ha) and the 1<sup>st</sup> foliar sampling and possible fertilising of the 2005 areas (21.4 ha) – budget \$35,000.
- The foliar sampling was undertaken in mid March and the results show that the foliar nutrient levels for both the 2004 and 2005 area are presently at satisfactory levels and above the Veritec and NRC Forest Management Plan intervention levels for fertiliser application. Fertilising is thus not required or economic, so the \$34,000 allowed for actual fertilising in the 2016/17 budget will not be required.
- It is pleasing to see that the nutrient status of the forest is improving from the 1<sup>st</sup> rotation (which required fertiliser) and NRC is being more than environmentally sustainable in this regard.

*NORTHLAND REGIONAL COUNCIL – Forestry Report June 2017*

- The 2016/17 budget includes the cost of pre-plant spraying for the replant of the area harvested last year a.15 ha, at approximately \$3,156 (plus GST). This was undertaken successfully in March. The actual cost was \$2,579 (plus GST) - so a good result.
- In late May, Forest Protection Services undertook the burning of the landing waste on the 1985 harvest area, as part of the 2017 pre-plant operations and post-harvest environmental work. This was successful, the fire burned well and safely, then smouldered for several weeks. The budget was \$3,000 (+ GST) costs are yet to come in
- The 2017 replanting programme is being managed by Northland Forest Managers Limited (NFML).
- NRC has been invoiced for and paid a deposit on the tree stocks of \$2,250 (+ GST) for the 2017 planting, the same as allowed for in the 2016/17 budget.
- NFML have now sourced a contractor to undertake the 2017 planting which will be done in July-August, thus fall into next year's work programme and budget.
- The quoted rates for the 2017 planting (tree stocks, transport and contract planting labour are about \$9,600 (+ GST) about 8% above that allowed for in the 2017/18 budget.
- In addition NRC has decided to undertake fertilising at planting to give the new tree crop an extra boost, at a cost of \$2,025 (+ GST) not specifically allowed for in the 2017/18 budget, but able to be done within total budget provisions.
- The above costs are all based upon 15 ha, but it may be that only a. 13 ha is planted (some steeper gully areas retired), thus any overruns may be less.
- The 2000 area had a mid-rotation inventory undertaken in June. The actual data collection cost was \$1,334 (+ GST) compared to budget of a. \$1,500(+ GST).
- All forest development activities planned and budgeted for the 2016/17 year have now been completed.
- All forest operations were undertaken in accordance with strict HSE provisions and no issues or incidents were noted.

### 3 Other activities undertaken

- The 2016/17 budget provides for \$16,800 for forest maintenance expenditure, most of which relates to provisions in case of weather/storm damage to the roading network, as well as for the ongoing roadside weed control and general maintenance. To date there have been minimal costs. Mt Tiger came through the March storms very well.
- In late May, roadside weed spraying was undertaken for the whole forest area (Joe Martin) at cost of \$2,195 (+ GST), compared to \$3,000 budget. The spray has been very effective. An excellent result.
- In the past 3 months, regular forest checks (7) have been undertaken for general inspections, maintenance, trespass, to monitor the landing burn, etc and for operational planning.
- General administration, liaise NRC re environmental and animal control, trespasser management and reporting as required.
- NRC Biosecurity is undertaking an ongoing noxious animal control programme in Mt Tiger and the forest has now joined up to the KiwiLink CPCA project



(\$8,000 + GST). Advice received that a June invoice 2017 will be \$5,310 (+ GST).

- There have been less frequent trespass (pig hunting) issues in the last quarter. Whether this is a timing issue, or there is less activity as a result of increased NRC efforts to curb this, I am not sure, but efforts to prevent illegal access to the forest will continue.
- NRC is having an ongoing issue with a group wanting to reopen the Waikaraka Walkway, which goes adjacent to, and through parts of Mt Tiger forest. This creates a number of practical, administration and particularly HSE issues for the council's forest operations which are being worked through with the group. A meeting was held in May, facilitated by WDC. The outcome was the group was to go and locate the actual legal ROW to determine if the track is viable to follow this route. NRC provided (as a gesture of goodwill) some small marker pots and spray paint.

#### 4 Upcoming Work

- Ongoing field checks for forest maintenance, trespass, etc.
- Continue with 2017 planting programme, get planting and fertilising undertaken in July/August by NFML.
- Initiate road maintenance as required. There was a large slip come down on Drews Main road (2 July 2017) that will need clearing asap.
- Continue work with NRC Biosecurity re pig control initiative/CPCA/trespass issues.
- Resolve Waikaraka Walkway issue.

Ian Jenkins  
Jenksmax Consulting Limited  
3 July 2017.

**TITLE: Business with the Public Excluded****ID:** A961865**To:** Property Subcommittee, 12 July 2017**From:** Phil Heatley, Strategic Projects Manager**Date:** 4 July 2017**Executive summary**

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

**Recommendations**

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

<b>Item No.</b>	<b>Item Issue</b>	<b>Reason\Grounds</b>
6.1	Confirmation of Confidential Minutes of the Council Meeting – 12 June 2017	The reasons for excluding the public are as stated in the minutes of the open section of the meeting.
6.2	Farm Lease Renewal	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
6.3	Kaikohe Dairy Farm	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
6.4	Recent Arbitration Ruling	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).

6.5	Property Subcommittee 2017 Action Notes	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
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**Considerations:****1. Options**

Not applicable. This is an administrative procedure.

**2. Significance and Engagement**

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

**3. Policy and Legislative Compliance**

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

**4. Other Considerations**

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.

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**Authorised by:**

**Name:** Malcolm Nicolson  
**Title:** Chief Executive Officer  
**Date:** 4 July 2017