

AGENDA

Council
Tuesday 20 August 2019 at 10.30am

Northland Regional Council Agenda

Meeting to be held in the Council Chamber
36 Water Street, Whangārei
on Tuesday 20 August 2019, commencing at 10.30am

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

Item	Page
Housekeeping	
1.0 APOLOGIES (NGĀ WHAKAPAHĀ)	
2.0 DECLARATIONS OF CONFLICTS OF INTEREST (NGA WHAKAPUAKANGA)	
3.0 HEALTH AND SAFETY REPORT	5
4.0 COUNCIL MINUTES/ACTION SHEET/COUNCIL WORKING PARTY AND WORKING GROUP UPDATES	
4.1 Confirmation of Minutes - 16 July 2019	7
4.2 Working Party Updates and Chairpersons' Briefings	17
4.3 Council Working Group Update	19
4.4 Receipt of Action Sheet	21
5.0 FINANCIAL REPORTS	
5.1 Externally Managed Investment Funds: 2018/19 Performance and Proposed Allocation of Gains	24
5.2 Resource Enterprises Limited (REL) - Loan Impairment	33
5.3 Request for Approval to Carry Forward Operational Budget from the 2018/19 Financial Year into the 2019/20 Financial Year	37
5.4 Request for Approval to Carry Forward Capital Expenditure Budget from the 2018/19 Financial Year into the 2019/20 Financial Year	40
5.5 Special Reserves at 30 June 2019	47
5.6 Regional Rates Collection - 2018/19	58
5.7 Draft Financial Result to 30 June 2019	63
6.0 DECISION MAKING MATTERS	
6.1 Update to Delegations	67
6.2 Northland Water Storage and Use Project: Council approval to progress and execute the project	74
6.3 Freshwater Quality Management Units for Northland	76
6.4 Assessing Freshwater Quantity Limits for Fully Allocated Water Bodies	81

6.5	Draft Productivity Commission Report on Local Government Funding and Financing	85
6.6	Environment Fund Over-allocation	89
6.7	Initial Restructure of Managed Funds	93
7.0	OPERATIONAL REPORTS	
7.1	Chair's Report to Council	111
7.2	Chief Executive's Report to Council	113
7.3	Reporting on Long Term Plan 2018-2028 Performance Measures for the Year Ended 30 June 2019	132
8.0	BUSINESS WITH THE PUBLIC EXCLUDED	139
8.1	Confirmation of Confidential Minutes - 16 July 2019	
8.2	Human Resources Report	

<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>AMP – Asset Management Plan/Activity Management Plan</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>HSNO - 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>HSWA - Health and Safety at Work Act 2015</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</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 Mgmnt</p> <p>MFE - Ministry for the Environment</p> <p>MHWS - Mean High Water Springs</p> <p>MMH - Marsden Maritime Holdings Limited</p> <p>MNZ - Maritime New Zealand</p> <p>MOH - Ministry of Health</p>	<p>MOT - Ministry of Transport</p> <p>MPI – Ministry for 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>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>PCBU – Person Conducting Business or Undertaking</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>SIPO – Statement of Investment Policy and Objectives</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>TAG -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>WSMP – Workplace Safety Management Practices</p> <p>WWTP - Wastewater Treatment Plant</p>
---	--

TITLE: Health and Safety Report
ID: A1224420
From: Beryl Steele, Human Resources Manager

Executive summary/Whakarāpopototanga

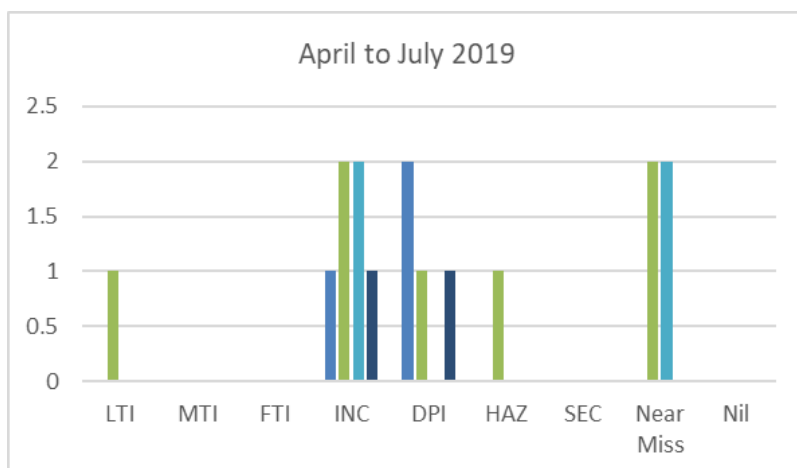
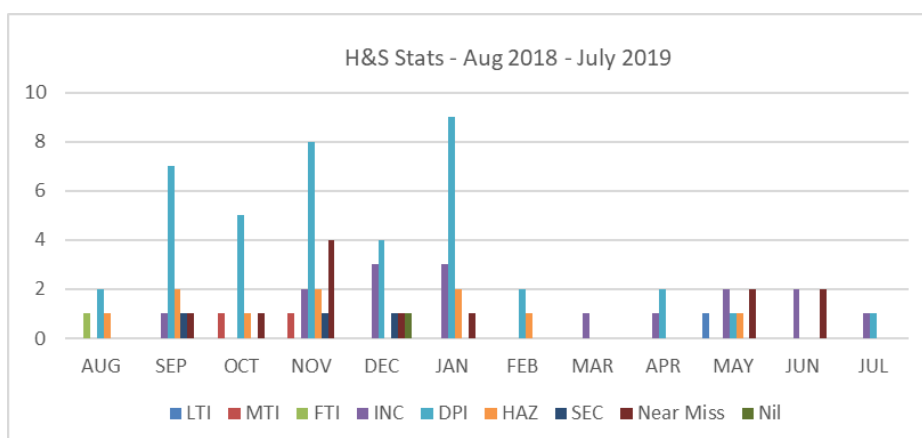
This report provides an overview of health and safety activity during the month of July 2019.

The number of incidents remains low. This last month we have mainly been working on business as usual activities. Work has commenced on reviewing and updating our chemical register and our traffic management plan is ready to be submitted once ID numbers for staff have been obtained from NZTA.

Recommendation

That the report 'Health and Safety Report' by Beryl Steele, Human Resources Manager and dated 2 August 2019, be received.

Background/Tuhinga



YTD results:

LTI	Lost time injury	0
MTI	Medical treatment injury	0
FTI	First aid treatment	0
INC	Incident	1
DPI	Discomfort, pain and injury	1
HAZ	Hazard	0
SEC	Security	0
Near Miss		0
Nil	No injury but recorded	0
Year to date totals		2

Health and safety manual/policies/documentation

- Updated policies have gone to the H&S Committee for feedback. They now need to go through OMT and ELT before being adopted.
- The Health and Safety Strategy has been adopted by the Committee and has gone to ELT members who were not at the meeting for comment. The next stage in the process is to work on the detail for implementation.
- Work has commenced on reviewing and updating our chemical register.

Health and safety visits, training and other

- The Traffic Management Plan has been done but can't yet be submitted for approval until those who have done the initial Traffic Controller course have their ID numbers from NZTA – it takes approximately 11 weeks before they get these so we should be able to submit our TMP around the 2nd week of September. As further staff complete the course they will be added to the TMP.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 12 August 2019

TITLE: Confirmation of Minutes - 16 July 2019

ID: A1221472

From: Chris Taylor, Governance Support Manager

Recommendation

That the minutes of the council meeting held on 16 July 2019 be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Council Minutes - 16 July 2019 [↓](#)

Authorised by Group Manager

Name: Chris Taylor

Title: Governance Support Manager

Date: 14 August 2019

Council Meeting
16 July 2019

Northland Regional Council Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Tuesday 16 July 2019, commencing at 10.30am

Present:

Chairman, Bill Shepherd
Deputy Chairman, David Sinclair
Councillors:
John Bain
Justin Blaikie
Paul Dimery
Mike Finlayson
Penny Smart
Rick Stolwerk
Joce Yeoman

In Attendance:

Full Meeting
Independent Financial Advisor
Chief Executive Officer
GM – Strategy, Governance and Engagement
GM - Corporate Excellence
GM - Regulatory Services
Governance Support Manager
Part Meeting
Forestry consultant
Northland Inc. Limited Acting Chief Executive
Natural Resources Policy Manager
Māori Relationship Manager
Biosecurity Manager
Strategic Projects Manager
Strategic Policy Specialist
Cultural Māori Advisor
Property Officer
Natural Hazards Advisor

The Chair declared the meeting open at 10.30am.

Apologies (Item 1.0)

There were no apologies.

Declarations of Conflicts of Interest (Item 2.0)

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

ID: A1213106

1

Council Meeting
16 July 2019

Receipt of Confidential Supplementary Report (Item 2.0A)

ID: 1215703

Report from Chris Taylor, Governance Support Manager

Moved (Shepherd/Sinclair)

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following confidential supplementary report be received:

- Supplementary Item 8.5: Marsden Maritime Holdings Ltd – Appointment of Directors – Additional correspondence.

Carried

Health and Safety Report (Item 3.0)

ID: A1208421

Report from Beryl Steele, Human Resources Manager

Moved (Stolwerk/Smart)

That the report 'Health and Safety Report' by Beryl Steele, Human Resources Manager and dated 2 July 2019, be received.

Carried

Confirmation of Minutes - 18 June 2019 (Item 4.1)

ID: A1208454

Report from Chris Taylor, Governance Support Manager

Moved (Shepherd/Yeoman)

That the minutes of the council meeting held on 18 June 2019 be confirmed as a true and correct record.

Carried

Receipt of Action Sheet (Item 4.2)

ID: A1208400

Report from Chris Taylor, Governance Support Manager

Moved (Sinclair/Stolwerk)

That the action sheet be received.

Carried

Working Party Updates and Chairpersons' Briefings (Item 4.3)

ID: A1197719

Report from Sally Bowron, Strategy, Governance and Engagement Team Admin/PA

Moved (Yeoman/Blaikie)

That the report 'Working Party Updates and Chairpersons' Briefings' be received with the correction that Councillor Dimery was Chair of the Planning Working Party.

Carried

ID: A1213106

2

Council Meeting
16 July 2019

Proposed Regional Plan - Decisions on Genetically Modified Organisms Submissions (Item 5.1)

ID: A1198905

Report from Ben Lee, Strategic Policy and Planning Manager and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement

Moved (Shepherd/Sinclair)

1. That the report 'Proposed Regional Plan - Decisions on Genetically Modified Organisms Submissions' by Ben Lee, Strategic Policy and Planning Manager and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement and dated 28 June 2019, be received.

Carried

(Councillor Smart abstained from voting on the grounds she did not participate in hearings)

It was further moved (Shepherd/Sinclair)

2. That council adopts Attachment 2 *[pertaining to Item 5.1 of the 16 July 2019 council meeting agenda]* as its decisions on the submissions on the addition of provisions for genetically modified organisms in the Proposed Regional Plan for Northland in accordance with Clause 10, Schedule 1, Resource Management Act 1991.

Carried

Secretarial Note: In putting the motion the Chair called for an expression of opinion by a show of hands, the result being Councillors Bain, Shepherd, Sinclair and Stolwerk in support and Councillors Blaikie, Dimery, Finlayson and Yeoman in opposition. Councillor Smart abstained.

Given an equality of votes the Chair exercised a casting vote (as per Standing Order 18.3) in support of the motion.

It was further moved (Shepherd/Sinclair)

3. That notification of the council decisions on submissions on the addition of provisions for genetically modified organisms in the Proposed Regional Plan for Northland be on or before 6 August 2019.

Carried

(Councillor Smart abstained from voting)

Secretarial Note: The meeting adjourned at 11.17am and reconvened at 11.25am.

Proposed Regional Plan - Appeals (Item 5.2)

ID: A1208110

Report from Michael Day, Natural Resources Policy Manager

Moved (Stolwerk/Dimery)

1. That the report 'Proposed Regional Plan - Appeals' by Michael Day, Natural Resources Policy Manager and dated 1 July 2019, be received.
2. That Councillor Yeoman and the Group Manager – Strategy, Governance and Engagement be delegated the ability to make decisions on council's behalf for resolving appeals on the Proposed Regional Plan for Northland that are generally aligned with the direction already set by council.

Carried

ID: A1213106

3

Council Meeting
16 July 2019

Enhanced Marine Protection for Mimiwhāngata (Item 5.3)

ID: A1205082

Report from Justin Murfitt, Strategic Policy Specialist and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement

Moved (Stolwerk/Bain)

1. That the report 'Enhanced Marine Protection for Mimiwhāngata' by Justin Murfitt, Strategic Policy Specialist and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement and dated 21 June 2019, be received.
2. That staff continue to work with Ngātiwai to discuss opportunities to further enhance marine protection at Mimiwhāngata.
3. That regular updates / progress reports are provided to the Natural Resources Working Party.

Carried

Draft Submission - Climate Change (Zero Carbon) Amendment Bill (Item 5.4)

ID: A1205566

Report from Justin Murfitt, Strategic Policy Specialist

Moved (Yeoman/Dimery)

1. That the report 'Draft Submission - Climate Change (Zero Carbon) Amendment Bill' by Justin Murfitt, Strategic Policy Specialist and dated 24 June 2019, be received.
2. That council approve the draft submission in Attachment 1 (pertaining to Item 5.4 of the 16 July 2019 council meeting agenda).
3. That the submission to be lodged with the Environment Select Committee.

Carried

Secretarial Note: Appreciation was extended to the Strategic Policy Specialist for drafting a submission of such calibre.

Amendments to Elected Members' Expenses and Allowances Policy (Item 5.5)

ID: A1206701

Report from Chris Taylor, Governance Support Manager

Moved (Smart/Bain)

1. That the report 'Amendments to Elected Members' Expenses and Allowances Policy' by Chris Taylor, Governance Support Manager and dated 26 June 2019, be received.

Carried

It was further moved (Bain/Sinclair)

2. That council declines the inclusion of childcare allowances in the 'Elected Members' Expenses and Allowances Policy'.

Lost

ID: A1213106

4

Council Meeting
16 July 2019

It was further moved (Yeoman/Finlayson)

- 2a. That council approves the inclusion of childcare allowances in the 'Elected Members' Expenses and Allowances Policy'.

Carried

It was further moved (Bain/Smart)

3. That section 7.1 'Vehicle Mileage Allowance' of the 'Elected Members' Expenses and Allowances Policy' be amended as detailed in **Appendix One** and a new section 9 'Childcare Allowance' be included as detailed in **Appendix Two** [pertaining to Item 5.5 of the 16 July 2019 council meeting agenda].

Carried

Secretarial Note: There was consensus that if an opportunity arose for council to submit on the vehicle mileage allowance it would stress the impact on elected members travelling long distances.

Regional Software Holdings Limited Statement of Intent 2020-2022 (Item 5.6)

ID: A1207021

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Bain/Dimery)

1. That the report 'Regional Software Holdings Limited Statement of Intent 2020-2022' by Dave Tams, Group Manager, Corporate Excellence and dated 27 June 2019, be received.

Carried

It was further moved (Dimery/Bain)

2. That council accept the Regional Software Holdings Limited Statement of Intent 2020-2022 as set out in **Attachment 1** (pertaining to Item 5.6 of the 16 July 2019 council meeting agenda).

Carried

It was further moved (Smart/Yeoman)

3. That the Chief Executive be instructed to write to the Board of Regional Software Holdings Limited (post a council workshop) expressing council's views on the Statement of Intent.

Carried

Inter-regional Marine Pest Management - Consultation Results and Next Steps (Item 5.7)

ID: A1207340

Report from Justin Murfitt, Strategic Policy Specialist and Don McKenzie, Biosecurity Manager

Moved (Finlayson/Stolwerk)

1. That the report 'Inter-regional Marine Pest Management - Consultation Results and Next Steps' by Justin Murfitt, Strategic Policy Specialist and Don McKenzie, Biosecurity Manager and dated 28 June 2019, be received.

Carried

ID: A1213106

5

Council Meeting
16 July 2019

It was further moved (Finlayson/Smart)

2. That council authorise staff, in collaboration with the Top of the North Biosecurity Group partners, to progress with the options analysis to identify a preferred option (and supporting evidence) for marine pest management.

Carried

(Councillor Yeoman voted against the motion)

It was further moved (Smart/Finlayson)

3. That a preferred option for the management of marine pests across the four partner regions and supporting evidence be presented to council for consideration in early 2020.

Carried

(Councillor Yeoman voted against the motion)

It was further moved (Stolwerk/Smart)

4. That council approve public release of the consultation results report, subject to formatting and other minor edits to improve 'readability'.

Carried

Secretarial Note: The meeting adjourned at 12.17pm and reconvened at 12.50pm.

NRC Appointment of Trustee onto Northland Events Centre Trust (Item 5.8)

ID: A1205024

Report from Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement

Moved (Stolwerk/Sinclair)

1. That the report 'NRC Appointment of Trustee onto Northland Events Centre Trust' by Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement and dated 20 June 2019, be received.
2. That the council agree that the Whangarei District Council and Northland Events Centre Trust Board (NECT) be asked to amend the NECT deed to remove council's power to appoint one trustee, as provided in cl 22.3(i), and that this be progressed prior to the end of the current NRC appointee, Mr Alistair Wells, being 31 December 2019.

Carried

Northland Inc. Limited: Statement of Intent 2019-2022 (Item 5.9)

ID: A1208405

Report from Darryl Jones, Economist

Moved (Yeoman/Sinclair)

1. That the report 'Northland Inc. Limited: Statement of Intent 2019-2022' by Darryl Jones, Economist and dated 2 July 2019, be received.

Carried

ID: A1213106

6

Council Meeting
16 July 2019

It was further moved (Yeoman/Dimery)

2. That council agree to Northland Inc. Limited's Statement of Intent 2019-2022 as set out in Attachment 2 (pertaining to Item 5.9 of the 16 July 2019 council agenda).

Carried

Policy on Hazardous and Controlled Substances for Pest Control (Item 5.10)

ID: A1209127

Report from Bruce Howse, Group Manager - Environmental Services

Moved (Finlayson/Sinclair)

1. That the report 'Policy on Hazardous and Controlled Substances for Pest Control' by Bruce Howse, Group Manager - Environmental Services and dated 3 July 2019, be received.
2. That council adopts the '*Northland Regional Council Policy on Hazardous and Controlled Substances for Pest Control*'.

Carried

Rates Resolution - Typographical Error (Item 5.11)

ID: A1209216

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Sinclair/Yeoman)

1. That the report 'Rates Resolution – Typographical Error' by GM -Corporate Excellence, Dave Tams, and dated 5 July 2019, be received.
2. That council resolves to correct an error in the rates resolution by altering the amount of the targeted land management rate for the Whangārei district as set on 4 June 2019 from \$0.000991 per dollar of land value to \$0.0000991 per dollar of land value.
3. That the matters in section 24 of the Local Government (Rating) Act 2002 (the financial year to which the rate applies and the due dates of each instalment) as resolved on 4 June 2019 continue to apply in respect of the amended targeted land management rate for the Whangārei district.

Carried

Manea Footprints of Kupe - Confirmation of Definitions (Item 5.12)

ID: A1209718

Report from Darryl Jones, Economist

Moved (Blaikie/Stolwerk)

1. That the report 'Manea Footprints of Kupe - Confirmation of Definitions' by Darryl Jones, Economist and dated 4 July 2019, be received.
2. That council confirm that the Manea Footprints of Kupe project consists of the land, buildings and improvements that occur on it.
3. That council confirms that Te Hua o te Kāwariki Trust and Far North Holdings Limited are considered to be public ownership for the purposes of the funding agreement.

Carried

ID: A1213106

7

Council Meeting
16 July 2019

Mt Tiger Harvest Results - 1991 Stand (Item 5.13)

ID: A1210817

Report from Nicole Inger, Property Officer

Moved (Dimery/Bain)

1. That the report 'Mt Tiger Harvest Results - 1991 Stand' by Nicole Inger, Property Officer and dated 9 July 2019, be received.
2. That the harvest's net revenue be deposited into the Equalisation Reserve.

Carried

Secretarial Note: Appreciation was extended to the Forestry Consultant for his sage advice regarding harvest.

Chair's Report to Council (Item 6.1)

ID: A1207935

Report from Bill Shepherd, Chairman

Moved (Shepherd/Sinclair)

That the report 'Chair's Report to Council' by Bill Shepherd, Chairman and dated 1 July 2019, be received.

Carried

Chief Executive's Report to Council (Item 6.2)

ID: A1205970

Report from Malcolm Nicolson, Chief Executive Officer

Moved (Shepherd/Sinclair)

That the report 'Chief Executive's Report to Council' by Malcolm Nicolson, Chief Executive Officer and dated 30 June 2019, be received.

Carried

Secretarial Note: The Independent Financial Advisor provided a positive update on the audit process.

Receipt of Committee Minutes (Item 7.0)

ID: A1208169

Report from Chris Taylor, Governance Support Manager

Moved (Bain/Finlayson)

That the unconfirmed minutes of the:

- Regional Transport Committee – 5 June 2019;
- Civil Defence Emergency Management – 17 June 2019;
- Civil Defence Emergency Management Coordinating Executive Group – 17 June 2019;
- Property Subcommittee – 2 July 2019;

be received.

Carried

ID: A1213106

8

Council Meeting
16 July 2019

Business with Public Excluded (Item 8.0)

Moved (Shepherd/Sinclair)

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	Reasons/Grounds
8.1	Confirmation of Confidential Minutes - 18 June 2019	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
8.2	Receipt of Confidential Committee Minutes	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
8.3	Human Resources Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).
8.4	The Kensington Redevelopment Project	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 s7(2)(b)(ii), the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
8.5	Marsden Maritime Holdings Ltd - Appointment of Directors	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).

3. That the Independent Financial Advisor be permitted to stay during business with the public excluded.

Carried

Conclusion

The meeting concluded at 2.21pm.

TITLE: Working Party Updates and Chairpersons' Briefings

ID: A1197721

Recommendation

That the report 'Working Party Updates and Chairpersons' Briefings' be received.

Natural Resources Working Party (Chair: Cr Justin Blaikie)

The Natural Resources Working Party met on 12 June 2019. The topics for discussion included:

- Wetland Mapping
- National Environment Standards for Plantation Forestry
- Update on Hill Country Erosion Fund Funding Projects, Aspirational Soil Conservation Programme and IBT
- Enhanced Marine Protection for Mimiwhangata

Following discussion, the Natural Resources Working Party provided advice on the following next steps:

- Develop an implementation plan that will set out the next steps for the wetland maps to be produced.
- That the Natural Resources Working Party endorses the approach put forward for Enhanced Marine Protection for Mimiwhangata and requested that a separate agenda item be put to council for consideration.

Te Taitokerau Māori and Council Working Party (Co-chairs: Pita Tipene, Cr Dimery)

The Te Taitokerau Māori and Council Working Party (TTMAC) met on 11 July 2019. The topics for discussion included:

- A report on the Tai Tokerau Māori in Local Government Symposium
- Updates on Local Elections 2019, Annual Plan 2019/20 | Mahere-a-Tau 2019/20, and winners of the Environmental Awards 2019
- The Māori Technical Advisory Group's (MTAG) work programme, including finalising Mana Whakahono a Rohe before taking it to council, consent processing, and the review of TTMAC as part of a wider governance review to help inform the incoming council in October 2019's local body elections
- Reports from other working parties: Pest Management Working Party's April meeting
- Implementing the Water Quality Planning Requirements of the National Policy Statement for Freshwater Management
- Wetland Mapping
- Proposal to control Sydney Golden Wattle
- Nominations for TTMAC membership.

Following discussion, the Te Taitokerau Māori and Council Working Party provided advice on the following next steps:

- Amending MTAG's review of TTMAC to include a recommendation for a strategic planning workshop that would then drive the working group's agenda and work programme for the year, and increased cultural capacity training at both Te Ao Māori level and hapū-specific level (made with particular reference to consent-processing and field work).

Audit and Finance Working Party (Chair: Cr David Sinclair)

The Audit and Finance Working Party met on 7 August 2019. The topics for discussion included:

- Review of the 2018/2019 year-end financial items for the August 2019 council agenda.

Following discussion, the Audit and Finance Working Party provided advice on the following next steps:

- Email out Monthly Investment Report from Jonathan Eriksens to Audit and Finance working party Councillors.
- Operating Cost Reserve (OCR) name to be changed to Opex Funding Reserve to save confusion.
- Review Terms of Reference regarding use of reserve funds.
- Discuss with Jonathan Eriksen what the market looks like for the year ahead.
- Workshop – Council agenda best way forward MMH.

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 14 August 2019

TITLE: Council Working Group Update

ID: A1227847

Recommendation

That the report 'Council Working Group Update' be received.

Kaeo River-Whangaroa Catchment Working Group (Chair: Cr Blaikie)

The Kaeo River-Whangaroa Catchment Working Group met on 5 June 2019. The topics for discussion included:

- Budget 2018/2019 and 2019/2020
- Maintenance Works Update 2018/2019 and Proposed Works 2019/2020
- Long Term Plan Project

Following discussion, the Kaeo River-Whangaroa Catchment Working Group provided advice on the following next steps:

- That a line item be added to the Kaeo budget representing the Whangaroa Catchment Working Group agreement to earmark \$50,000 from the surplus budget to address ongoing flooding issues at Matangirau, for a bridge upgrade if required.
- Council to provide Flood Depth Maps to assist the architect to design appropriate floor levels for the new marae.

Awanui River Working Group (Chair: Cr Finlayson)

The Awanui River Working Group met on 12 July 2019. The topics for discussion included:

- Budget 2018/2019 and 2019/2020
- Awanui Scheme Upgrade
- Flood Modelling Update

Following discussion, the Awanui River Working Group provided advice on the following next steps:

- Liaise with affected landowners and deliver correspondence for land acquisition required for scheme upgrade.
- Arrange meeting with iwi representatives regarding cultural monitoring.
-

Taumarere River Working Group (Chair: Cr Blaikie)

The Taumarere River Working Group met on 12 July 2019. The topics for discussion included:

- Revised Proposal for Scheme Works
- Next Long Term Plan 2021–2031

Following discussion, the Taumarere River Working Group provided advice on the following next steps:

- To further investigate, through modelling, alternative options for flood mitigation works on the Waiomio Stream for Kawakawa Township and to be presented at the November meeting of this working group and to include costing.
- Meet with local hapu at marae to discuss Otiria Spillway proposal, including a topic on how we can work together to better improve relationships. Marae hui will be scheduled for mid-September allowing for availability.

Authorised by Group Manager

Name: Bruce Howse
Title: Group Manager - Environmental Services
Date: 14 August 2019

TITLE: **Receipt of Action Sheet**

ID: A1227892

From: Chris Taylor, Governance Support Manager

Executive summary/Whakārapopotanga

The purpose of this report is to enable the meeting to receive the current action sheet.

Recommendation

That the action sheet be received.

Attachments/Ngā tapirihanga

Attachment 1: Council Action Sheet - August 2019 [↓](#)

Authorised by Manager

Name: Chris Taylor

Title: Governance Support Manager

Date: 12 August 2019

Outstanding Actions as at 8/08/2019

Id	Meeting	Target Date	Description	Request Details	Most Recent Comment
4964	Council 19/03/2019	2/04/19	Health and Safety Group Membership	That further consideration be given to the composition of the Risk and Health and Safety Working Party (governance) versus that of the Health and Safety Strategy Steering Group (operational). The ELT in first instance then a workshop with council.	Will be considered as part of the governance review (which will be workshopped with council on 13 August 2019).
5126	Council 18/06/2019	2/07/19	Working Party Updates and Chairpersons' Briefings	That advice be sought from TTMAC/MTAG as to how to improve the dissemination of information from TTMAC into the community.	Work in progress.
5192	Council 16/07/2019	30/07/19	Regional Software Holdings Limited Statement of Intent 2020-2022	That the Chief Executive be instructed to write to the Board of Regional Software Holdings Limited (post a council workshop) expressing council's views on the Statement of Intent.	Council workshopped the matter on 23 July 2019.

Actions completed in the last month

Id	Meeting	Date Completed	Description	Request Details	Most Recent Comment
5132	Council 18/06/2019	31/07/19	Alleged Breach of Code of Conduct: Councillor Finlayson	That a workshop be scheduled to allow council to collate advice to the incoming council regarding the Code of Conduct. This discussion to include guidelines around the use of council resource and staff at councillor-initiated events.	COMPLETE The Code of Conduct was workshopped with council on 23 July 2019.
5187	Council 16/07/2019	8/08/19	Proposed Regional Plan - Decisions on Genetically Modified Organisms Submissions	That notification of the decision on submissions on the addition of provisions for genetically modified organisms in the Proposed Regional Plan for Northland be on or before 6 August 2019.	COMPLETE.
5191	Council 16/07/2019	31/07/19	Amendments to Elected Members' Expenses and Allowances Policy	That the Elected Members' Expenses and Allowances Policy be amended for the update to the Vehicle Mileage Allowance and inclusion of the Childcare Allowance.	COMPLETE Policy has been updated and new claim form drafted.
5194	Council 16/07/2019	30/07/19	NRC Appointment of Trustee onto Northland Events Centre Trust	That WDC and NECT be asked to amend the NECT deed to remove council's power to appoint one trustee (and that this be progressed prior to the end of the current NRC appointee being 31 December 2019).	COMPLETE. Letters have been sent to both WDC and council's appointee.

TITLE: Externally Managed Investment Funds: 2018/19 Performance and Proposed Allocation of Gains

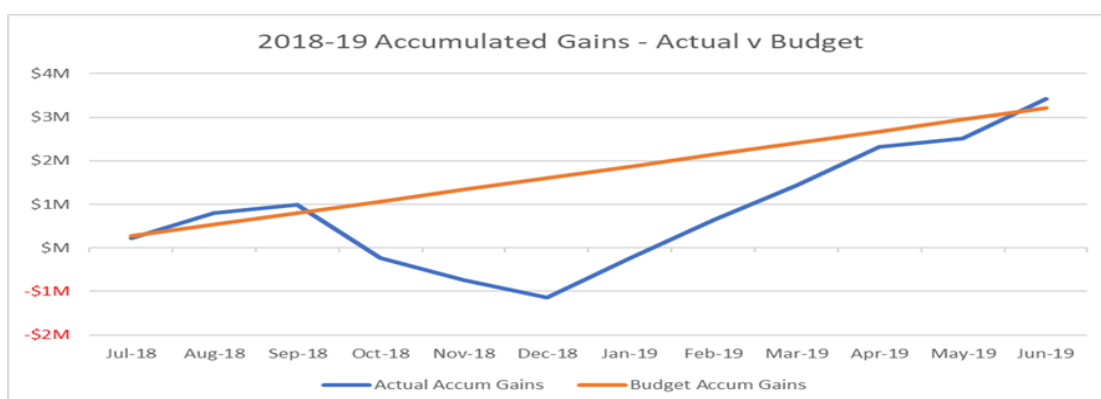
ID: A1221565

From: Simon Crabb, Finance Manager

Executive summary/Whakarāpopototanga

At 30 June 2019, council has an externally managed investment fund of \$60.3M. \$57.7M is invested in four externally managed funds, and \$2.6M is invested in ANZ term deposits.

All four externally managed funds exceeded their one-year performance objective in 2018/19 (as per the corresponding Statement of Investment Policy and Objectives), and despite a very volatile year the overall portfolio ended up generating annual gains that were \$217K greater than budget.



1 YEAR PERFORMANCE TO 30 JUNE 2019						
	Return	Objective	Budget	Gains \$,000	Budget \$,000	Var \$,000
CIF	6.3%	5.6%	7.5%	\$888	\$995	(\$106)
PRF	7.0%	6.7%	7.5%	\$1,115	\$1,227	(\$112)
IIF	6.7%	5.5%	5.75%	\$1,217	\$919	\$297
STF	5.5%	3.5%	4.75%	\$206	\$67	\$139
Total Externally Managed Fund Portfolio				\$3,425	\$3,209	\$217

As a result of the economic recovery and the operational savings secured by staff throughout the financial year, it is proposed that the gains in excess of what is required for reinvestment and general funding are transferred into the newly created Operating Costs Reserve (OCR).

The recommendations in this report have been incorporated into the operating result of \$0 in the draft annual accounts.

The proposed allocation of the gains generated from each fund in 2018/19 is presented over the page:

ALLOCATION OF GAINS 2018-19								
	Gains \$,000	Into CIF \$,000	Into IGR \$,000	Into PRF \$,000	Into IIF \$,000	Xfr to OCR \$,000	Gen' Funding \$,000	Total \$,000
CIF	\$888	\$854	\$34	-	-	-	-	\$888
PRF	\$1,115	-	-	\$161	-	\$612	\$342	\$1,115
IIF	\$1,217	-	-	-	-	\$519	\$697	\$1,217
STF	\$206	-	-	-	-	-	\$206	\$206
TOTAL	\$3,425	\$854	\$34	\$161	\$0	\$1,131	\$1,245	\$3,425

The purpose of the OCR is to have sufficient funding set aside in liquid assets should the budgeted revenue stream from council's managed fund portfolio not eventuate as anticipated. The general funding required from council's managed fund portfolio in 2019/20 is forecasted to be \$2.1M, thus the proposed \$1.13M allocation in 18/19 is a start and provides partial assurance. The allocation of additional surpluses to the OCR will be required in the future to fully cover the contribution the managed funds provide to council's operational expenditure.

Depreciation funding collected and earmarked for future renewal capital expenditure, and the rates collected and earmarked for future debt repayments are recommended to be transferred into the Infrastructure Investment Fund. This approach is proposed to preserve and track such funding until it is required to finance any future capital renewal expenditure or repay borrowings.

Recommendation(s)

1. That the report 'Externally Managed Investment Funds: 2018/19 Performance and Proposed Allocation of Gains' by Simon Crabb, Finance Manager and dated 30 July 2019, be received.
2. That \$854,205 of Community Investment Fund gains earned in 2018/19 is reinvested into the Community Investment Fund and \$34,000 of Community Investment Fund gains earned in 2018/19 is allocated to the Investment and Growth Reserve.
3. That \$160,669 of Property Reinvestment Fund gains earned in 2018/19 is reinvested into the Property Reinvestment Fund, and \$612,096 of Property Reinvestment Fund gains earned in 2018/19 is allocated to the Operating Costs Reserve.
4. That \$519,101 of Infrastructure Investment Fund gains earned in 2018/19 is allocated to the Operating Costs Reserve, and no Infrastructure Investment Fund gains earned in 2018/19 are reinvested back into the Infrastructure Investment Fund.
5. That \$66,826 of net depreciation funding and \$853,499 of debt repayment funding are transferred into the Infrastructure Investment Fund.
6. That \$1,131,196 of funding representing the Operating Costs Reserve is invested into NZ registered bank fixed rate term deposits with rolling maturity profiles ranging from 30 to 180 days.
7. That the Operating Costs Reserve is renamed to the Opex Reserve.

Background/Tuhinga

Community Investment Fund (CIF)

The CIF generated \$888,205 of gains in 2018/19, equivalent to a return of 6.3% for the year, exceeding its Statement of Investment Policy and Objectives (SIPO) objective rate of return by 0.7%.

Council's position when preparing the 2018–28 Long Term Plan was that \$34K of the CIF gains would be transferred to the Investment and Growth Reserve (IGR) to fund the inflation adjustment portion of the operational grant paid to Northland Inc., and the remaining gains would be reinvested back into the CIF.

After accounting for the \$34K IGR transfer - It is proposed that the remaining actual gains for 2018/19 of \$854,205 is reinvested back into the CIF.

Table One summarises the proposed CIF recommendation:

Table One COMMUNITY INVESTMENT FUND		2018-19	
		Actual	Revised Budget
OPENING BALANCE		\$14,158,124	\$14,158,124
	Gross Investment income earned from FUND	\$888,205	\$1,027,859
	Operating grant adjustment from CIF to IGR	-\$34,000	-\$34,000
	Amount of Investment income reinvested (retained) in FUND	\$854,205	\$993,859
CLOSING BALANCE		\$15,012,329	\$15,151,984

Table Two presents the closing balance of the IGR as \$1,249,403, which is greater than budget by \$1,013,751. This variance is predominantly due to the costs of four major projects not coming on line yet, and therefore not requiring funding from the reserve yet. It is anticipated that the unspent monies relating to the Twin Coast Cycle Trail, Te Hononga, Hundertwasser Art Centre and the Water Storage and Use project will be required from the IGR in the 2019/20 financial year.

Table Two INVESTMENT AND GROWTH RESERVE	2018-19	
	Actual	Revised Budget
OPENING BALANCE	\$2,184,603	\$2,184,603
REDIRECTION OF NRC INVESTMENT INCOME	\$1,700,000	\$1,700,000
Operating grant adjustment from CIF to IGR	\$34,000	\$34,000
WITHDRAWALS		
Payments to Northland Inc.		
Payment to Northland Inc. (Baseline Operational)	-\$1,307,120	-\$1,307,120
Payment to Northland Inc. (Extended Regional Promotion)	-\$200,000	-\$200,000
Loans Issued		
Northland Inc. Car Loan No 4	-	-\$60,000
Project Funding		
Twin Coast Cycle Trail	-	-\$113,734
Extension 350	-\$200,000	-\$200,000
Te Hononga (Kawakawa Hunderwasser Park Center)	-\$300,000	-\$500,000
Hunderwasser Art Centre	-\$500,000	-\$1,000,000
Demand assessment for water storage (prefeasibility)	-	-\$100,000
Business case assessments and project investment	-\$249,200	-\$324,500
Other Deposits		
Interest earned on I&G fund Balance	\$87,123	\$62,666
Repayment from Northland Inc. of Car Loan Interest	\$583	\$3,610
Repayment from Northland Inc. of Car Loan Principle	\$9,091	\$18,621
Repayment from REL of Interest	\$24,766	\$57,396
Investment Management and Legal Fees	-\$34,444	-\$19,890
CLOSING BALANCE	\$1,249,403	\$235,652

Property Reinvestment Fund Reserve (PRF)

The PRF generated \$1,115,066 of gains in 2018/19, equivalent to a return of 7.0% for the year, exceeding its SIPO objective rate of return by 0.3%.

The proposed allocation of the PRF gains is presented in Table Three:

TABLE THREE Proposed Allocation of Gains - PRF	2018-19	
	Actual	Budget
Total Gains earned on Fund	\$1,115,066	\$1,227,368
Gains reinvested back into fund	-\$160,669	-\$272,972
Leaves Surplus Gains still to be allocated of	\$954,397	\$954,396
allocated to Operating Costs Reserve	-\$612,096	\$0
allocated to General Funding*	-\$342,302	-\$954,396
	0	0

* general funding includes investment advisor fees, trustee and registry fees

Table Four summarises the PRF (inclusive of the proposed allocations in Table Three):

TABLE FOUR PROPERTY REINVESTMENT FUND RESERVE	2018-19	
	Actual	Budget
Opening Reserve Balance	\$18,443,917	\$22,773,000
Increase in Reserve due to Property Sales	\$1,351,010	
Decrease in Reserve due to Property purchases	-\$2,827,004	
Decrease in Reserve due to other property costs		
Repayment for Empire and Dunn street (Awanui Scheme)	\$683,363	
Kensington Project	-\$760,763	
Kaipara Service Centre Project	-\$126,986	
Other (Demolition)	-\$174,708	
	-\$379,094	
Increase in Reserve due to Reinvestment back into the Fund		
Total Gains and Interest earned on fund	\$1,115,066	\$1,227,368
Less Investment advisor fees	-\$23,253	-\$35,508
Less Trustee and registry Fees	-\$915	-\$2,000
Less Gains transferred to Operating Costs Reserve	-\$612,096	\$0
Less Gains withdrawn as general funding	-\$318,134	-\$916,888
Total Reinvestment back into Fund	\$160,669	\$272,972
PROPERTY REINVESTMENT FUND RESERVE - CLOSING BALANCE	\$16,749,498	\$23,045,972
Reconciled To Eriksens Global Investment Fund		
Fund Managers Balance 30 June 2019	\$17,858,268	\$23,045,972
less adjustments due to occur after balance date		
Operating costs reserve funding to be withdrawn	-\$612,096	
General funding to be withdrawn	-\$318,134	
Property costs to be withdrawn	-\$154,370	
Investment advisor fees to be withdrawn	-\$23,253	
Trustee and Registry Fees to be withdrawn	-\$915	
	-\$1,108,767	
PROPERTY REINVESTMENT FUND - CLOSING BALANCE	\$16,749,498	\$23,045,972

Infrastructure Investment Fund Reserve (IIF)

The IIF generated \$1,216,540 of gains in 2018/19, equivalent to a return of 6.7% for the year, exceeding its SIPO objective rate of return by 1.2%.

The proposed allocation of the 2018/19 IIF gains is presented in Table Five:

TABLE FIVE Proposed Allocation of Gains - IIF	2018-19	
	Actual	Budget
Total Gains earned on Fund	\$1,216,540	\$919,478
Gains reinvested back into fund	\$0	-\$110,082
Leaves Surplus Gains still to be allocated of	\$1,216,540	\$809,396
allocated to Operating Costs Reserve	-\$519,101	\$0
allocated to General Funding*	-\$697,439	-\$809,396
	0	0

* general funding includes investment advisor fees and trustee and registry fees

To preserve the component of targeted rates collected and earmarked to repay external debt, it is proposed that \$853,499 is transferred into the IIF and held until the next infrastructure loan is due

for repayment in August 2020. Furthermore, it is recommended that \$66,826 of net infrastructure depreciation funding collected and earmarked for future renewal capital works is transferred into the IIF.

Table Six over the page summarises the IIF (inclusive of the proposed gain allocations in Table Five):

TABLE SIX: INFRASTRUCTURE INVESTMENT FUND RESERVE	2018-19	
	Actual	Budget
Opening Reserve Balance	\$12,129,210	\$8,859,000
Increase in Reserve		
Maturing term deposits	\$8,000,000	\$0
Bequested funds (via NEST)	\$548,786	\$0
	\$8,548,786	\$0
Decrease in reserve		
Repayment for Empire and Dunn street (Awanui Scheme)	-\$683,363	
Increase in reserve due to Reinvestment back into the Fund		
Total Gains earned on fund	\$1,216,540	\$919,478
Less Investment advisor fees	-\$23,858	-\$21,039
Less Trustee and Registry Fees	-\$4,085	-\$2,160
Less Unallocated interest costs	-\$34,689	-\$43,979
Less Gains transferred to Operating Costs Reserve	-\$519,101	\$0
Less Gains withdrawn as general funding	-\$634,807	-\$742,218
Total Reinvestment back into Fund	\$0	\$110,082
Increase due to Rates collected in 18/19 to Repay Debt		
Awanui River works	\$46,062	
Whangarei Dam	\$405,937	
Regional Flood Infrastructure	\$401,500	
	\$853,499	
Increase due to Depreciation funding collected in 18/19		
Awanui river works	\$95,963	
Kaeo - Whangaroa river works	\$3,398	
Whangarei Dam	\$63,428	
Regional Flood Infrastructure	\$0	
	\$162,789	
Decrease due to Depreciation funding allocated in 18/19		
Awanui river works	-\$95,963	
Kaeo - Whangaroa river works	\$0	
Whangarei Dam	\$0	
Regional Flood Infrastructure	\$0	
	-\$95,963	
INFRASTRUCTURE INVESTMENT FUND RESERVE - CLOSING BALANCE	\$20,914,957	\$8,969,082
Reconciled To Eriksens Global Investment Fund		
Fund Managers Balance 30 June 2019	\$21,211,173	\$8,969,082
less adjustments due to occur after balance date		
Operating costs reserve funding to be withdrawn	-\$519,101	
General funding to be withdrawn	-\$634,807	
Investment advisor & trustee fees to be withdrawn	-\$62,633	
Targeted Rates invested and held to repay Debt	\$853,499	
Net Depreciation invested	\$66,826	
	-\$296,215	\$0
INFRASTRUCTURE INVESTMENT FUND - CLOSING BALANCE	\$20,914,957	\$8,969,082

Operating Costs Reserve (OCR)

The OCR was established by council resolution to set aside funding to ensure the delivery of work programmes, employment, and ongoing day to day operations should the budgeted revenue stream from council's Managed Fund portfolio not eventuate as anticipated in the future.

Due to operational savings and an equity market recovery late in the year it is proposed that surplus gains earned in 2018/19 of \$1,131,196 are transferred into the OCR. The split between how much of the \$1,131,196 comes from the PRF and how much comes from the IIF is based on the proportion of budgeted gains that were required in the 2018/19 budget as general funding. That is, the PRF contributes 64% and the IIF 36%.

To ensure the cash holdings representing the OCR has the lowest feasible risk setting and is held in appropriate durations to ensure liquidity, it is proposed that the \$1,131,196 is invested in six equal sums, as rolling term deposits at a NZ registered trading bank with maturity dates ranging from 30 days to 180 days.

Table Seven summarises the proposed OCR:

TABLE SEVEN: OPERATING COSTS RESERVE	2018-19	
	Actual	Budget
Opening Reserve Balance	\$0	\$0
Increase in Reserve		
Transfer from the Property Reinvestment Fund Reserve (54%)	\$612,096	\$0
Transfer from the Infrastructure Investment Fund Reserve (46%)	\$519,101	\$0
	\$1,131,196	\$0
OPERATING COSTS RESERVE - CLOSING BALANCE	\$1,131,196	\$0
Reconciled To Investment Assets		
Investment assets held at 30 June 2019	\$0	\$0
Adjustments due to occur after balance date		
Term deposit (30 day) investment	\$188,533	
Term deposit (60 day) investment	\$188,533	
Term deposit (90 day) investment	\$188,533	
Term deposit (120 day) investment	\$188,533	
Term deposit (150 day) investment	\$188,533	
Term deposit (180 day) investment	\$188,533	
	\$1,131,196	\$0
TOTAL OPERATING COSTS RESERVE INVESTMENT	\$1,131,196	\$0

To avoid an acronym that could be confused with the Official Cash Rate (OCR), it is recommended the Operating Costs Reserve is renamed to the Opex Reserve.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Reinvest the gains derived from the CIF and PRF in accordance with the presented recommendations.	Build the capital base of the CIF and PRF to protect their future spending power. Establishing an investment representing	There are no managed fund gains available to fund additional work programmes or projects.

	And Allocate the surplus gains (after deducting the general funding requirement) to the Operating Costs Reserve.	the Operating Costs Reserve promotes assurance and stability over the delivery of council's mission, work programmes, employment, and day to day operations.	The returns associated with term deposits are typically lower than the returns generated if the funding remained in managed funds.
2.	Reinvest the gains derived from the CIF, PRF in accordance with the presented recommendations. And Do not allocate the surplus gains to the Operating Costs Reserve.	Build the capital base of the CIF and PRF to protect their future spending power. Release funding that can be directed to fund additional work programmes or projects.	There are no managed fund gains available to fund additional work programmes or projects. Remain at risk to a volatile economy and its implications on council's managed fund returns and the detrimental impact on a funding source relied upon to fund work programmes.
3.	Do not reinvest any gains derived from the CIF and PRF. And Do not allocate the surplus gains to the Operating Costs Reserve.	Provide potential funding for additional work programmes/or projects.	The future spending power of the CIF and PRF is reduced and at risk of becoming eroded by inflation. Remain at risk to a volatile economy and its implications on council's managed fund returns and detrimental impact on a funding source relied upon to fund work programmes.

The staff's recommended option is 1.

2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance because it is part of council's day-to-day activities and is in accordance with the approved Treasury Management Policy.

3. Policy, risk management and legislative compliance

The activities detailed in this report are in accordance with council's Treasury Management Policy, and the 2018–28 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. The activities detailed in this report are also in accordance with council's Operating Costs Reserve Policy.

4. Financial implications

Investment strategies carry different risk profiles and are subject to different return volatilities. The returns from managed funds can fluctuate over a given time and period and historical returns do not necessarily form the basis for forecasted returns.

Maintaining an Operating Costs Reserve that can be called upon if council's Managed Fund portfolio does not generate its budgeted revenue stream provides financial stability by ensuring there is funding available, in liquid and relative risk-free assets, to continue the delivery of the planned work programmes.

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

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 08 August 2019

TITLE: Resource Enterprises Limited (REL) - Loan Impairment

ID: A1221898

From: Simon Crabb, Finance Manager

Executive summary/Whakarāpopototanga

As part of the Annual reporting process, NZ Accounting standards prescribe that council review its loan assets and make an assessment as to their collectability.

If there is evidence that the probable recoverable amount of a loan is lower than the actual loan balance, then an adjustment is required. This adjustment is called an impairment loss.

At 30 June 2019, the balance (principal and accrued interest) of the loan issued to Resource Enterprises Limited (REL) is \$819,933. This amount is due for repayment on or before 5 March 2020.

When assessing the probable recoverable amount of the REL loan, the following evidence was taken into consideration at 30 June 2019:

- At the time of writing REL has not paid their last two quarterly interest payments (\$14,348.81 due on 5 March 2019 and \$14,348.81 due on 5 June 2019)
- The REL operation at Marsden Point has not traded since May 2017 due to, among other things, the adverse impact of a significant rise in NZ log prices.
- Council is the second secured party for the REL loan, and the current market value of the REL assets is estimated to be less than the amount owed to the first secured party.

For completeness, on 30 July 2019 REL had their lease cancelled and possession of the site returned to their landlord (Marsden Maritime Holdings Limited). Technically this development occurred outside of the 2018/19 reporting period.

The probable recoverable amount of the REL loan was assessed as NIL. Thus, it is proposed that an impairment loss of \$819,933 is recorded in the 2018/19 accounts.

The impairment loss reduces the carrying amount of the REL loan to nil in council's Balance Sheet, and reduces council's 2018/19 surplus by \$819,933.

By recognising the impairment loss in 2018/19, council will avoid having to record an unbudgeted expense in 2019/20 should REL default in repaying the loan on 5 March 2020.

Recording an impairment loss adjustment **does not** discharge REL of their liability to fully repay the loan. Should REL repay the loan in full and as currently scheduled, the impairment loss will be reversed in 2019/20 and the ensuing surplus will become available to council.

The recommendation in this report has been incorporated into the \$0 operating result in the draft annual accounts.

Recommendation(s)

1. That the report 'Resource Enterprises Limited (REL) - Loan Impairment' by Simon Crabb, Finance Manager and dated 30 July 2019, be received.
2. That an impairment loss of \$819,933 is recorded in the 2018/19 accounts to reflect that the loan to Resource Enterprises Limited has been assessed as unrecoverable.

Background/Tuhinga

In October 2014, council agreed to provide a five-year loan of \$750,000 from the Investment and Growth Reserve (IGR) to REL to assist with the establishment of a sawmill operation at Marsden Point. The loan was drawn down by REL on 5 March 2015.

In the first two years, REL capitalised an agreed \$69,933 of interest. This amount was added to the principal amount of \$750,000 creating a loan balance of \$819,933 due for repayment on or before 5 March 2020. In accounting terminology, the loan balance of \$819,933 is referred to as its “carrying amount”.

Current NZ accounting standard PBE-IPSAS 29 requires council to assess, at the end of each financial year, whether there is any objective evidence that the recoverable amount of a loan is probably less than its carrying amount. If such evidence exists, then an adjustment is required to reduce the carrying amount of the loan down to the recoverable amount – this adjustment is called an impairment loss.

As the REL operation at Marsden Point has not been trading since May 2017 due to, among other things, the adverse impact of a significant rise in the price of NZ logs, along with the fact that REL have not paid their last two interest payments; and because council is only the second secured party for the REL loan (noting the current market value of REL assets is estimated to be less than the amount owed to the first secured party); and REL had their lease cancelled on 30 July 2019 (although this development occurred is outside of the 2018/19 reporting period) - the probable recoverable amount of the REL loan has been **assessed as NIL**.

It is proposed that an impairment loss of \$819,933 is booked in the 2018/19 accounts reducing the carrying amount of the REL loan to nil in council’s Balance Sheet and reducing the operating surplus by \$819,333 in this year’s profit and loss.

Booking an impairment loss adjustment **does not** discharge REL of their liability to fully repay the loan principal and related interest payments. Rather, it is an offsetting entry held in council’s books to ensure the carrying amount of the loan presented in the annual accounts reflects the expected recoverable amount.

Should REL repay the loan in full, the impairment loss will be reversed in 2019/20 and the ensuing operating surplus will become available to council in 2019/20. The cash received from REL will be transferred to the IGR.

NZ accounting standard PBE-IPSAS 30 requires council to disclose the impairment loss in the notes of the annual financial statements to enable readers to evaluate the nature and extent of the risks arising from its loan assets. Specifically, council is required to disclose the asset class (not the specific loan) that has been impaired, the amount of the impairment, the factors considered in determining the impairment, and a description of any collateral held for the impaired loan.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Recognise an impairment loss of \$819,933 in the 2018/19 Financial Statements as it is anticipated that council will not recover any of the outstanding loan balance owing from Resource Enterprises Limited.	<p>Comply with NZ Generally Accepted Accounting Principles.</p> <p>Recognise the loss in 2018/19 when it can be accommodated within council's operating surplus.</p> <p>Avoid an unbudgeted cost in 2019/20 should REL default on payment.</p>	The impairment loss reduces the surplus in the Draft Financial Statements by \$819,933, thereby removing the opportunity to allocate \$819,933 to other priorities.
2	Do not recognise an impairment loss of \$819,933 in the 2018/19 Financial Statements.	The impairment loss will not be booked in the year end accounts and the surplus in the Draft Financial Statements will increase by \$819,933, providing an opportunity to allocate \$819,933 to other priorities.	<p>Not recognising the impairment loss is contrary to NZ Generally Accepted Accounting Principles and as such may attract comment in the 2018/19 auditor's report.</p> <p>Should REL default in repaying the loan balance next year, an unbudgeted write off expense will be recorded in the 2019/20 financial accounts.</p>

The staff's recommended option is 1.

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 although it involves a transaction exceeding \$750,000, it does not trigger any of the other thresholds contained in council's Significance and Engagement Policy.

3. Policy, risk management and legislative compliance

The recommendation is consistent with council's risk management principles as it explicitly addresses the uncertainty associated with the collectability of an outstanding loan. Furthermore, the recommendation is consistent with NZ Generally Accepted Accounting Principles in such cases

4. Financial implications

Although the recommendation reduces council's operating surplus in the 2018/19 financial year, it avoids having to recognise an unbudgeted expense in 2019/20 should the REL loan need be written off. If the REL loan is not repaid in 2019/20 the cash balance of the IGR will be adversely affected and there may not be sufficient funds to meet already committed project expenditure, depending on the timing of various project funding claims. A separate and future council decision may need to be taken on how to manage this situation should it eventuate.

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

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 08 August 2019

TITLE: Request for Approval to Carry Forward Operational Budget from the 2018/19 Financial Year into the 2019/20 Financial Year

ID: A1220587

From: Vincent McColl, Financial Accountant and Simon Crabb, Finance Manager

Executive summary/Whakarāpopototanga

Unspent 2018/19 operational budget of \$72,070 is proposed to be carried forward into the 2019/20 financial year to fund the completion of operational projects. The recommendations in this report have been incorporated into the draft operating result of \$0.

Recommendations

1. That the report 'Request for Approval to Carry Forward Operational Budget from the 2018/19 Financial Year into the 2019/20 Financial Year' by Vincent McColl, Financial Accountant and Simon Crabb, Finance Manager and dated 31 July 2019, be received.
2. That council approves the operational expenditure carry forwards from the 2018/19 financial year into the 2019/20 financial year of:
 - a. \$16,900 for iwi environmental management plans;
 - b. \$10,170 for the Water Street mural;
 - c. \$35,000 for Freshwater NPS implementation; and
 - d. \$10,000 for the digital asset management project.

Background/Tuhinga

As with previous years, carry forwards of unspent 2018/19 operational budgets are required to enable the completion of the various operational projects in the 2019/20 financial year.

Following the 30 June 2019 year-end senior management review, four projects totalling \$72,070 were identified as requiring unspent 2018/19 operational budgets to be carried forward as funding in 2019/20.

The total of \$72,070 has been incorporated into the draft operating result. The projects requiring this funding are explained over the page:

Description	2018/19 Spent \$	2018/19 Budget \$	2018/19 Budget Unspent \$	Amount to Carry forward \$
Iwi environmental management plans	59	23,900	23,841	16,900
Water Street mural	59,175	79,933	20,758	10,170
Freshwater NPS implementation	4,785	50,000	45,215	35,000
Digital asset management project	12,487	35,000	22,513	10,000

- \$16,900 for iwi environmental management plans. Nga Tirairaka O Ngati Hine Trust, Roma Marae, and Te Rora Whatu Ora Trust have iwi management plans that are in various stages of milestone delivery. Delays due to resourcing in both council and grant recipients have meant that these milestone payments are delayed until 2019/20.
- \$10,170 for the Water Street mural which is in progress and is estimated to take a further four to six weeks. Payments have been made upon artist engagement and the balance is to be paid on completion of mural expected late August.
- \$35,000 for the Freshwater NPS implementation which was delayed due to availability of the contractor. This project includes assessment and modelling in relation to setting lake water quality objectives and limits, methods for meeting objectives, and prioritising non-regulatory initiatives in lake catchments.
- \$10,000 for the digital asset management project which was set aside as an operational saving. A digital asset management solution is imperative as the volume of digital assets, photos for example, grows and presents issues both around storage and accessibility. Proposing carrying forward the 2018/19 budget to allow the project to proceed.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Approve carry forward of all requested unspent operational budgets	Allows the completion of 2018/19 projects.	Reduces retained earnings though at budgeted levels.
2	Approve no unspent operational budget carry forwards	Retains more surplus in the 2018/19 financial year.	Projects from the 2018/19 financial year do not get finished or 2019/20 programmes must be deferred to allow for 2018/19 work already contracted.
3	Approve some of the unspent operational budget carry forwards	Some projects will go ahead.	Some projects will not go ahead. Some of 2019/20 programmes might be deferred to allow for 2018/19 work already contracted.

The staff's recommended option is option 1 to maintain all contractual work programmes.

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.

3. Policy, risk management and legislative compliance

The activities detailed in this report are in accordance with the 2018–28 Long Term Plan, which was approved in accordance with council's decision making requirements of sections 76–82 of the Local Government Act 2002.

Other considerations

4. Financial implications

In arriving at the draft operating result of \$0, \$72,070 has been incorporated to represent the proposed operational carry forwards.

Being a purely administrative matter, community views, implementation issues and Māori impact statement are not applicable.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 08 August 2019

TITLE: Request for Approval to Carry Forward Capital Expenditure Budget from the 2018/19 Financial Year into the 2019/20 Financial Year

ID: A1220677

From: Vincent McColl, Financial Accountant

Executive summary/Whakarāpopototanga

The purpose of this report is to seek council approval to carry forward \$1.1M of unspent capital budget from the 2018/19 financial year into the 2019/20 financial year. Of this \$550,000 is targeted rate funded and \$298,082 is Property Reinvestment Fund (PRF) funded.

Recommendations

1. That the report 'Request for Approval to Carry Forward Capital Expenditure Budget from the 2018/19 Financial Year into the 2019/20 Financial Year' by Vincent McColl, Financial Accountant and dated 31 July 2019, be received.
2. That council approves the carry forward of \$1.1M capital expenditure budget from the 2018/19 financial year into the 2019/20 financial year.

Background/Tuhinga

Staff have carried out a final review on any ongoing capital projects and associated Capital Expenditure (Capex) carry forwards for council consideration and approval.

As part of the budget process finance staff ensure that all Capex is adequately funded via depreciation over the expected useful life of each asset class.

Following the 30 June 2019 year-end senior management review, which was based upon the actual Capex incurred and the review of ongoing requirements, a total of \$1,098,212 is proposed to be carried forward into 2019/20. This is made up of general capex of \$250,130, targeted rates funded capex of \$550,000, and PRF funded capex of \$298,082.

2018/19 Actual and Budgeted Capital Expenditure

The revised capital expenditure budget for 2018/19 is \$6,930,723. The total actual capital expenditure incurred in 2018/19 is \$6,865,575, resulting in an underspend of \$65,148. Of this \$2,827,004 relates to unbudgeted commercial property transactions that are funded from the Property Reinvestment Fund. For a breakdown of this please refer to **Attachment One**.

2019/20 Budgeted Capital Expenditure and Proposed Carry Forwards

The original 2019/20 capital expenditure budget is \$16,735,201, and by adding the total requested 2018/19 carry forwards of \$1,098,212, this budget will increase to \$17,833,413. The detail of the original 2019/20 capital expenditure programme and the proposed capital carry forwards are presented in **Attachment Two**.

Explanations to proposed capital carry forward expenditure for 2018/19

Land and Biodiversity: Proposed capital expenditure carry forward \$580,000

Approval of \$580,000 capital carry forward expenditure is sought:

- \$30,000 towards the Flyger Road nursery expansion. The work is expected to be completed in the 2019/20 financial year and is being funded from money unspent in the unmanned terrain vehicle capex.
- \$550,000 for the Woods Road floodwall. This is funded by the flood infrastructure targeted rate and is expected to be completed by September.

CEO and Property: Proposed capital expenditure carry forward \$518,212

Approval of \$518,212 capital carry forward expenditure is sought:

- \$220,130 for the Water Street building reconfiguration which was delayed in order to save drawing down from the short-term fund while the externally managed funds were performing poorly. A carry forward is requested to complete the work.
- \$298,082 for the Kaipara Service Centre. This work has not gone ahead in 2018/19 as initially anticipated and is requested to be added to the 2019/20 budget for this project. This is to be funded from the PRF.

\$300,000 of rating software capital expenditure was opted not to be carried forward as subsequent to the carry forward being approved in prior financial years the IT environment has changed and the cost will now be recognised as operational expenditure instead.

Considerations

Options

No.	Option	Advantages	Disadvantages
1	Approve carry forward of all requested capital carry forwards	Allows the completion of the 2018/19 capital programme.	Reduces retained earnings at budgeted levels.
2	Approve none of the Capex carry forwards	Retains more earnings for other capital projects.	Projects underway or delayed won't get the required funding to be completed.
3	Approve some of the Capex carry forwards	Some of the capital projects get to be completed.	Some of the capital projects don't get completed.

The staff's recommended option is Option 1. This maintains the unspent capital programme budget from 2018/19 allowing projects that are underway and delayed to be completed.

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.

3. Policy, risk management and legislative compliance

The activities detailed in this report are in accordance with the 2018–28 Long Term Plan, which was approved in accordance with council's decision making requirements of sections 76–82 of the Local Government Act 2002.

Other considerations

4. Financial implications

\$1,098,212 of capital carried forward from the 2018/19 financial year to the 2019/20 financial year, with \$550,000 of it being funded from targeted rates and \$298,082 being funded from the PRF.

Being a purely administrative matter, community views, implementation issues and Māori impact statement are not applicable.

Attachment 1: 2018/19 Actual and Budgeted Capital Expenditure [↓](#)

Attachment 2: 2019/20 Budgeted Capital Expenditure and Proposed Carry Forwards [↓](#)

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 14 August 2019

Capital Expenditure Reporting June 2019 Year to Date				
Activity	YEAR TO DATE			Carry Forward Proposed
	Provisional 2018-19 Actual	2018-19 Revised Capital Expenditure Budget	Variance	
Environmental Services	1,192,482	2,276,626	1,084,144	580,000
Regulatory Services	563,769	573,425	9,656	-
Governance and Engagement	15,210	30,012	14,802	-
Customer Services and Community Resilience	351,340	286,472	-64,868	-
Corporate Excellence	666,951	1,148,969	482,018	-
CEO and Property	4,075,823	2,615,219	-1,460,604	518,212
GRAND TOTAL FOR COUNCIL	6,865,575	6,930,723	65,148	1,098,212

ATTACHMENT 1

	2018-19 Provisional Actual Capital Expenditure	2018-19 Revised Capital Expenditure Budget	Variance	Carry Forward Proposed	Comments
Environmental Services					
Wireless Pest Control Sensor Network	26,700	27,000	300		
Riparian Planner Initiative	-	34,717	34,717		
Pest Control Monitoring Equipment	21,774	23,000	1,226		
Biodiversity Field Equipment	3,418	4,000	582		
Land Managment Software Projects	13,627	15,000	1,373		
Farm Planning tools - mobile devices	4,877	5,000	123		
Unmanned Terrain Vehicle	-	30,000	30,000	30,000	To be transferred to nursery capex
Flyger Road Nursery Expansion	82,951	80,256	(2,695)		
Survey Equipment	11,782	13,916	2,134		
Kerikeri River flood reduction by-pass	-	15,000	15,000		
Awanui River Renewal	-	51,000	51,000		
Awanui River Stopbank Relocation	150,000	150,000	-		
FIR Capex Subsidy Programme	861,550	987,737	126,187		
FIR Capex Subsidy Programme - Panguru	-	40,000	40,000		
FIR Capex Subsidy Programme - Whangarei	15,803	800,000	784,197	550,000	Targeted rate funded
Total Environmental Services	1,192,482	2,276,626	1,084,144	580,000	
Regulatory Services					
Data Loggers for Air Quality stations	11,825	19,000	7,175		
Digital data collection of water clarity	-	10,000	10,000		
Mobile Devices - SOE	6,777	7,200	423		
Tableau - SOE	5,138	10,960	5,822		
Water Quality Sondes	2,086	5,130	3,044		
Misc SOE Plant and Equipment	22,953	11,336	(11,617)		
KiEco Biological Database	22,000	20,000	(2,000)		
Water quality meters and sondes	86,478	80,000	(6,478)		
Safety System Corrections	100,594	92,308	(8,286)		
Awanui Flood Scheme Emergency Preparedness	28,160	28,256	96		
Water Level Stations - Far North	-	30,000	30,000		
Water Level stations - Various	4,885	7,500	2,615		
ADCP Flow tracker	-	20,000	20,000		
ADCP Instream Real-time Flow Device	54,135	-	(54,135)		Offset with underspends in other Hydro capex
ADCP M5	33,366	35,000	1,634		
Hydrometric Equipment	119,773	130,000	10,227		
Hydro Satellite Units	27,665	30,000	2,335		
Sediments Monitoring Equipment	35,482	35,985	503		
Cellphones - Hydro	2,452	750	(1,702)		
Total Regulatory Services	563,769	573,425	9,656	-	
Governance and Engagement					
Display Systems (Banners etc)	7,243	11,712	4,470		
E-Schools Gazebo and Flags	4,340	5,800	1,460		
Mobile Devices	2,258	5,000	2,742		
Cameras and equipment (e.g. show trailer)	1,369	7,500	6,131		
Total Governance and Engagement	15,210	30,012	14,802	-	
Customer Services and Community Resilience					
AIS System	-	10,582	10,582		
Tutukaka Beacon Replacements	28,390	28,390	-		
Bungy Mooring System Trial	-	15,000	15,000		

	2018-19 Provisional Actual Capital Expenditure	2018-19 Revised Capital Expenditure Budget	Variance	Carry Forward Proposed	Comments
Karetu Replacement Engines	58,062	30,000	(28,062)		
Cellphones - Maritime	1,003	477	(526)		
Radar for Ruawai	4,481	3,500	(981)		
Thermal Imaging for Waikare	37,604	52,000	14,396		
Waverider buoy	145,824	93,512	(52,312)		
Regional Integrated Ticketing Information System	15,434	13,602	(1,832)		
Phone/Contact System Upgrade	1,320	4,409	3,089		
Kaitaia Customer Service Centre	25,177	35,000	9,823		
Waikare Mechanical Upgrade	34,046	-	(34,046)		
Total Customer Services and Community Resilience	351,340	286,472	- 64,868	-	
Corporate Excellence					
Rating Software	-	300,000	300,000		
Historical Aerial Photography	-	22,250	22,250		Incurred as Opex
Business Intelligence Implementation	-	50,000	50,000		Incurred as Opex
IT - Replacement Programme	96,408	117,000	20,592		
New Staff Desktop Setup	92,147	75,684	(16,463)		
Vehicle Replacement Programme	454,074	503,985	49,911		
Furniture/Desk set up	24,321	80,050	55,729		
Total Corporate Excellence	666,951	1,148,969	482,018	-	
CEO and Property					
Storage Facility 26 Union East St	6,581	-	- 6,581		
Investment Property Purchases	2,827,004	-	(2,827,004)		
Investment Property Capital Expenditure	23,830	-	(23,830)		
Capital Works Kensington Development	721,216	1,745,133	1,023,917		
MPRL Property Capital Expenditure	151,299	-	(151,299)		
Capital Works Kaipara Customer Service	-	298,082	298,082	298,082	
Water St Building Reconfiguration	316,874	537,004	220,130	220,130	
Union East St Shelving and Racking	29,019	35,000	5,981		
Total CEO and Property	4,075,823	2,615,219	(1,460,604)	518,212	
TOTAL	6,865,575	6,930,723	65,148	1,098,212	

Proposed Revised 2019-20 Capital Expenditure Budget

ATTACHMENT 2

Environmental Services

Wireless Pest Control Sensor Network	14,308		14,308
Pest Control Monitoring Equipment	23,506		23,506
Biodiversity Field Equipment	2,044		2,044
Land Managment Software Projects	5,110		5,110
Flyger Road Nursery Expansion	41,289	30,000	71,289
Survey Equipment	11,753		11,753
Far North Nursery	306,600		306,600
Kerikeri River flood reduction by-pass	15,330		15,330
Awanui River Renewal	95,963		95,963
FIR Capex Subsidy Programme - Awanui	1,131,500		1,131,500
Kaeo River Flood Protection FIR Programme (TR)	12,000		12,000
Awanui River Flood Protection FIR Programme (TR)	256,500		256,500
Whangarei River Flood Protection FIR Programme (TR)	45,000	550,000	595,000

1,960,902	580,000	2,540,902
------------------	----------------	------------------

Regulatory Services

Data Loggers for Air Quality stations	9,709		9,709
Water Quality Sondes	24,937		24,937
Misc SOE Plant and Equipment	17,655		17,655
Water Level stations - Various	15,330		15,330
Coastal Monitoring Bores	40,880		40,880
Hydrometric Equipment	132,860		132,860
Hydro Satellite Units	30,660		30,660
Sediments Monitoring Equipment	31,667		31,667
Soil Moisture Sensors	102,200		102,200
Pumppro replacement	22,800		22,800
Flow measuring boat - Hydro	15,000		15,000
Water Level Stations - Far North	30,000		30,000
Water Level stations - Various	2,615		2,615
ADCP Flow tracker	20,000		20,000

496,312	0	496,312
----------------	----------	----------------

Customer Services and Community Resilience

Electronic Navigation System	23,840		23,840
Waikare Mechanical Upgrade	100,000		100,000

123,840	0	123,840
----------------	----------	----------------

Corporate Excellence

T1 Consolidation of HR, H&S and SaaS	262,654		262,654
IT - Replacement Programme	143,080		143,080
New Staff Desktop Setup	37,201		37,201
Council Chambers IT Upgrade	70,000		70,000

	2019-20 Annual Plan Budget	Proposed Carry forwards from 2018- 19	2019-20 Proposed Revised Capital Budget
Vehicle Replacement Programme	316,207		316,207
Vehicle Programme - Additional	122,640		122,640
Furniture/Desk set up	73,380		73,380
	1,025,161	0	1,025,161
CEO and Property			
Capital Works Kensington Development	9,688,460		9,688,460
Capital Works Kaipara Customer Service	3,149,256	298,082	3,447,338
Water St Building Reconfiguration		220,130	220,130
Flyger Road subdivision	61,320		61,320
Water St Building Reconfiguration	229,950		229,950
	13,128,986	518,212	13,647,198
Total Council Capital Expenditure	16,735,201	1,098,212	17,833,413

TITLE: Special Reserves at 30 June 2019

ID: A1220735

From: Vincent McColl, Financial Accountant

Executive summary/Whakarāpopototanga

At 30 June 2019, council has \$30.9M of special reserves set aside to cover expenditure on specific projects and work programmes.

This report provides a breakdown of the special reserves held by council, including their purpose and balance as at 30 June 2019.

Recommendation

That the report 'Special Reserves at 30 June 2019' by Vincent McColl, Financial Accountant and dated 31 July 2019, be received.

Background/Tuhinga

The equity in council's balance sheet represents the communities' interest in council and is measured by the value of total assets less total liabilities. Equity is classified into a number of general and special reserves to enable a clearer identification of the specified uses for which various funds have been assigned.

A general reserve does not have a specific purpose, whereas a special reserve holds funds that are set aside to cover expenditure on specific projects. In addition, special reserves may facilitate the funding of works of an inter-generational nature, capital expenditure in particular, over the most appropriate time period.

The special reserves and their respective balances (surplus/(deficit)) in place at the end of the 2018/19 financial year are as follows:

Land Management Reserve	267,060
Awanui River Reserve	(841,807)
Kaihu River Reserve	32,365
Whangaroa Kaeo Rivers Reserve	175,643
Whangārei Urban Rivers Reserve	(9,078,138)
Infrastructure Facilities Reserve (Marsden Point Rail Link)	(2,532,452)
Property Reinvestment Fund Reserve	16,749,497
Equalisation Reserve	1,463,086
Hātea River Reserve	222,331
Investment and Growth Reserve	1,249,404
Approved Carry Forwards Reserve	72,070
Kerikeri-Waipapa Rivers Reserve	455,491
Infrastructure Investment Fund Reserve	20,914,957

Whangārei Transport Reserve	(74,129)
Emergency Services Reserve	57,769
LIDAR Project Reserve	366,690
Flood Infrastructure Reserve	(537,068)
Kaeo River FIR Reserve	20,811
Awanui River FIR Reserve	(133,858)
Whangārei River FIR Reserve	55,266
Far North Transport Reserve	152,453
Capital Subsidy Reserve (Ticketing System)	77,049
Operating Costs Reserve	1,131,196
Regional Sporting Facilities Reserve	621,192
Total Special Reserves	30,886,679

Some special reserves earn, or are charged interest depending on their closing balance being in deficit or surplus. Our current protocol is for reserves in surplus of \$50,000 or greater earn interest at 5% (as budgeted in the Long Term Plan (LTP)). Reserves in deficit are either charged at the corresponding external borrowing rate or at the internal rate of 7.0% (as budgeted in the LTP).

A description of the purpose of each reserve, the transfers from and/or to the reserve for the year, and the closing balance of each reserve as at 30 June 2019 is provided below.

Land Management Reserve

The Land Management Reserve was created to allow council to set aside unutilised Land Management rates for the purpose of funding projects in future years. In addition, the Land Management Reserve can be utilised to fund emergency events such as remedial storm expenditure on a case by case basis, thereby reducing the need for borrowing in the event of an emergency.

The operational reserve movements of (\$96,954) from the Land Management Reserve constitute funding contributions towards Freshwater Improvement Fund projects. The capital reserve movement relate to funding for the Awanui Emergency Preparedness project. This produces a closing balance of \$267,060.

Land Management Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	370,094	233,580
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	(96,954)	(233,756)
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	(6,080)	-
Closing Balance as at 30 June 2019	267,060	(176)

In 2019/20 \$136,802 is expected to come from this reserve for Freshwater Improvement Fund projects, leaving an estimated reserve balance at 30 June 2020 of \$136,338.

Awanui River Reserve

The Awanui River Reserve was created to hold any targeted Awanui River Management rates collected and unspent in any given year to cover any future funding shortfalls for river works required as part of the Awanui River Flood Management Scheme.

In the 2018/19 financial year the Awanui River Management project had an operating surplus of \$43,562. Capital expenditure of \$150,000 was incurred with \$95,963 of depreciation funding transferred from the Infrastructure Investment Fund (IIF) producing a closing book and cash reserve deficit of (\$745,843).

Awanui River Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	(735,368)	(773,404)
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	43,562	178,471
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	(150,000)	(201,000)
	(841,807)	(795,933)
Depreciation funding utilised	95,963	201,000
Closing Balance as at 30 June 2019	(745,843)	(594,933)
Accumulated depreciation funding not utilised and held in IIF	-	-
Closing cash balance as at 30 June 2019	(745,843)	(594,933)

Awanui Flood Infrastructure Rate (FIR) Reserve

The Awanui FIR Reserve was created to hold any targeted Awanui FIR rates collected and unspent in any given year to cover any future funding shortfalls for river works required as part of the Awanui River Flood Management Scheme. The Awanui FIR reserve incorporates 30% of any related capital works with the other 70% being attributed to the Flood Infrastructure Rate reserve.

In the 2018/19 financial year the Awanui FIR project had an operating surplus of \$316,116. Capital expenditure of \$449,974 was incurred producing a closing reserve deficit of (\$133,858).

Awanui FIR Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	316,116	354,232
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	(449,974)	(548,130)
Closing Balance as at 30 June 2019	(133,858)	(193,898)

Whangaroa Kaeo Rivers Reserve

The Whangaroa Kaeo Rivers Reserve was created to hold any targeted Whangaroa Kaeo Rivers Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whangaroa Kaeo Rivers Flood Management scheme.

In the 2018/19 financial year there was an operating surplus of \$37,826 resulting in a closing reserve balance of \$175,643. Unused accumulated depreciation of \$20,755 is held in the IIF resulting in a closing cash balance of \$196,398.

Whangaroa Kaeo Rivers Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	137,817	42,787
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	37,826	(12,681)
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
	175,643	30,106
Depreciation funding utilised	-	-
Closing Balance as at 30 June 2019	175,643	30,106
Accumulated depreciation funding not utilised and held in IIF	20,755	-
Closing cash Balance as at 30 June 2019	196,398	30,106

Kaeo Flood Infrastructure Rate (FIR) Reserve

The Kaeo FIR Reserve was created to hold any targeted Kaeo FIR rates collected and unspent in any given year to cover any future funding shortfalls for river works required as part of the Kaeo River Flood Management Scheme. The Kaeo FIR reserve incorporates 30% of any related capital works with the other 70% being attributed to the Flood Infrastructure Rate reserve.

In the 2018/19 financial year the Kaeo FIR project had an operating surplus of \$20,811 producing a closing reserve surplus of \$20,811.

Kaeo FIR Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	20,811	21,430
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	20,811	21,430

Whangārei Urban Rivers Reserve

The Whangārei Urban Rivers Reserve was created in the 2011/12 year to hold any targeted Whangārei Urban Rivers Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whangārei urban rivers management scheme

The operating surplus of \$405,938 has been transferred to the reserve. This produces a deficit/overdrawn balance of (\$9,078.138). Adding the unused accumulated depreciation held in the IIF gives a cash balance of (\$8,892,300).

Whangarei Urban River Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	(9,484,076)	(9,571,405)
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	405,938	407,055
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
	(9,078,138)	(9,164,350)
Depreciation funding utilised	-	-
Closing Balance as at 30 June 2019	(9,078,138)	(9,164,350)
Accumulated depreciation funding not utilised and held in IIF	185,838	-
Closing cash Balance as at 30 June 2019	(8,892,300)	(9,164,350)

Whangārei FIR Reserve

The Whangārei Flood Infrastructure Rate (FIR) Reserve was created to hold any targeted Whangārei FIR rates collected and unspent in any given year to cover any future funding shortfalls for river works required as part of the Whangārei River Flood Management Scheme. The Whangārei FIR reserve incorporates 30% of any related capital works with the other 70% being attributed to the Flood Infrastructure Rate reserve.

In the 2018/19 financial year the Whangārei FIR project had an operating surplus of \$60,007 and capital expenditure of \$4,741 producing a closing reserve surplus of \$55,266.

Whangareir FIR Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	60,007	60,404
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	(4,741)	(240,000)
Closing Balance as at 30 June 2019	55,266	(179,596)

Infrastructure Investment Fund (IIF) Reserve

The IIF Reserve was established to stabilise the impact of irregular large infrastructure projects on council's income and capital requirements. It will help to spread the costs of such projects. The fund is also intended to provide more flexibility around when such large capital intensive projects can commence.

The balance of the reserve reflects the balance of funds held in the IIF. During the 2018/19 year a bequest of \$548,786 received by NEST was paid to council. These funds were deposited into the IIF Reserve. No gains are proposed to be reinvested this financial year. The IIF Reserve holds \$206,593 of unutilised accumulated depreciation and \$1,922,340 of capital repayments collected and held to repay external borrowings.

Infrastructure Investment Fund Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	12,129,209	8,859,000
Infrastructure asset depreciation transferred 2018/19	162,789	
Depreciation utilised for capital expenditure 2018/19	(95,963)	
Increase in Reserve due to proposed reinvestment of gains	-	110,082
Increase in Reserve due to bequested NEST funds	548,786	
Increase in Reserve due to reinvestment of term deposits	8,000,000	
Increase in Reserve due to targeted rates held to repay debt	853,499	
Decrease in Reserve transfer of Empire and Dunn to Awanui Scheme	(683,363)	
Closing Balance as at 30 June 2019	20,914,957	8,969,082

Accumulated depreciation balance in IIF by asset	Actual
Awanui River	-
Whangaroa Kaeo Rivers	20,755
Whangareir Urban Rivers	185,838
Total	206,593

Targeted rates held to repay debt	Actual
Awanui River	91,551
Whangarei Urban Rivers	1,429,289
Regional Flood Infrastructure	401,500
Total	1,922,340

Kaihu River Reserve

The Kaihu River Reserve was created to hold any targeted Kaihu River Management rates collected and unspent in any given year to cover any future funding shortfalls for river works required as part of the Kaihu River Flood Management Scheme.

In the 2018/19 financial year there was an operating deficit of \$38,500 transferred to the reserve producing a closing balance of \$32,365.

Kaihu River Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	70,865	69,450
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	(38,500)	(10,174)
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	32,365	59,276

Kerikeri–Waipapa Rivers Reserve

The Kerikeri–Waipapa Rivers Reserve is set up to hold any targeted Kerikeri-Waipapa rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the flood risk reduction project for the Kerikeri-Waipapa area.

The Kerikeri–Waipapa targeted rate was discontinued in 2018/19 resulting in an operating surplus of (\$2,293) which has been transferred from the reserve producing a closing balance of \$455,491. This surplus reserve is planned to be utilised on the flood mitigation for the Waipapa industrial estate and Waitotara Drive stopbanking work commencing in 2019/20.

Kerikeri Waipapa Rivers Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	453,198	443,592
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	2,293	(12,607)
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	(15,000)
Closing Balance as at 30 June 2019	455,491	415,985

Flood Infrastructure Rate (FIR) Reserve

The FIR Reserve was created to hold any targeted regional FIR rates collected and unspent in any given year to cover any future funding shortfalls for river works required as part of Northland Flood Infrastructure Schemes. The FIR reserve incorporates 70% of any related capital works with the other 30% being attributed to the Awanui FIR, Whangārei FIR, or Kaeo FIR reserves depending on the particular project.

In the 2018/19 financial year the FIR reserve had an operating surplus of \$523,933 and \$1,061,001 of capital expenditure producing a closing reserve deficit of \$537,068.

Flood Infrastructure Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	523,933	559,419
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	(1,061,001)	(1,878,970)
Closing Balance as at 30 June 2019	(537,068)	(1,319,551)

Infrastructure Facilities Reserve

The Infrastructure Facilities Reserve was created to set aside any targeted Regional Infrastructure rates collected and not fully utilised in any given year for the purpose of funding future infrastructure projects. This reserve consists of the cost of capital, holding costs, and council's share of the net costs for the designation asset associated with the Marsden Point Rail Link (MPRL) Joint Venture project.

In 2018/19 \$281,710 has been transferred into the reserve producing a closing balance of (\$2,532,452) overdrawn.

Infrastructure Facilities Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	(2,814,162)	(3,346,214)
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	281,710	175,200
Closing Balance as at 30 June 2019	(2,532,452)	(3,171,014)

Recreational Facilities Reserve

During the 2018/19 year council paid a grant of \$27,518 towards Toll Stadium lighting upgrades to clear off the surplus recreational facilities rates received.

Recreational Facilities Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	27,518	27,518
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	(27,518)	(27,518)
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	(0)	(0)

Property Reinvestment Fund Reserve

The Property Reinvestment Fund (PRF) Reserve was created to enable proceeds from property sales to be set aside for reinvestment at a future date. This reserve represents the balance investments held in the PRF.

During 2018/19 this reserve recognised \$2,034,363 of property sale proceeds, \$2,827,004 of property purchases, and \$1,062,447 of commercial developments. In addition, it is proposed that \$160,669 of PRF gains are reinvested generating a closing balance of \$16,749,498.

Property Reinvestment Fund Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	18,443,917	22,773,000
Increase in Reserve due to proposed reinvestment of gains	160,669	272,972
Decrease in Reserve throughout 2018/19 due to commercial developments	(1,062,447)	
Increase in Reserve throughout 2018/19 due to property sale proceeds	2,034,363	
Decrease in Reserve throughout 2018/19 due to property purchases	(2,827,004)	-
Closing Balance as at 30 June 2019	16,749,498	23,045,972

Equalisation Reserve

The Equalisation Reserve was created to set aside council's forestry net income arising in any harvesting year. This reserve is intended to provide future funding of council's general activities by allowing council to use these funds for any council activity to smooth future rating increases. It is further intended that this fund be used to fund the cost of forestry operations in non-harvesting years.

A total of \$524,689 net forestry income was transferred to the equalisation fund and funding of \$15,922 was utilised for Rogan case costs. These movements resulted in a closing balance of \$1,463,086.

Equalisation fund Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	954,319	845,516
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	508,766	375,613
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	1,463,086	1,221,129

Hātea River Reserve

The Hātea River Reserve was created to set aside a component of the council's Services Rate (\$1.50+GST) specifically levied across the Whangārei constituency to ensure funding is immediately available in the event dredging of the Hātea River is required.

This year there was an operating surplus of \$46,714 transferred to the reserve producing a closing reserve balance of \$222,331.

Hatea River Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	175,617	169,119
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	46,714	(52,348)
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	222,331	116,771

Investment and Growth Reserve

The Northland Regional Council Investment and Growth Reserve was established in 2011/12. The reserve was created to set aside investment income to fund activities and projects that contribute towards the economic well-being of Northland.

Investment and Growth Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	2,184,604	2,184,603
Redirected Investment Income	1,700,000	1,700,000
CIF Income	34,000	34,000
Payments to Northland Inc	(1,507,120)	(1,507,120)
Project Funding	(1,249,200)	(2,238,234)
Other Deposits	87,120	62,403
Closing Balance as at 30 June 2019	1,249,403	235,652

Approved Carry Forwards Reserve

The Approved Carry Forwards Reserve was set up to record operational projects for council that have not been completed during the current year and need to be carried forward to the next financial year. This is the subject of agenda Item 5.3. At 30 June 2019 the closing balance of the projects proposed to be carried forward is \$72,070 (excluding LIDAR which has been carried forward into its own reserve).

Approved Carry Forwards - General Funds	Actual	Revised Budget
Opening Balance as at 1 July 2018	187,145	164,835
(Decrease) in Reserve throughout 2018/19 for 2016/17 carry forwards	(187,145)	(164,835)
Increase in Reserve for 2018/19 operational carry forwards	72,070	-
Closing Balance as at 30 June 2019	72,070	-

Kaitiāia Bus Service Reserve

The Kaitiāia Bus Service Reserve was created to hold any targeted Kaitiāia Transport rates collected and unspent in any given year to cover any future funding shortfalls of Kaitiāia bus service. This rate has been replaced with the Far North Transport rate.

The operating deficit of \$38,412 has been transferred to the reserve utilising the remaining balance of this reserve.

Kaitiāia Bus Service Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	38,412	-
Increase/(Decrease) in Reserve throughout 2018/19 (operational transfer)	(38,412)	-
Increase/(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	-	-

Whangārei Transport Reserve

The Whangārei Transport Reserve was created to hold any targeted Whangārei Transport rates collected and unspent in any given year to cover any future funding shortfalls in the Whangārei bus and total mobility programmes.

In 2018/19 Whangārei Bus made a surplus of \$44,461 and Total Mobility made a surplus of \$25,980. This resulted in \$70,441 being transferred to the reserve making the reserve balance a deficit of \$74,129. The positive reserve movement is predominately due to the Whangārei Rural Trials not going ahead in 2018/19 as planned. The remaining deficit will be taken into account when setting the 2020/21 Whangārei Transport rates.

Whangārei Transport Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	(144,569)	(47,539)
Increase/(Decrease) in Reserve throughout 2018/19 Whangārei Bus	44,461	-
Increase/(Decrease) in Reserve throughout 2018/19 Total Mobility	25,980	-
Increase/(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	(74,129)	(47,539)

Emergency Services Reserve

The Emergency Services Reserve was created to hold any targeted Emergency Services rates collected and unspent in any given year to ensure all collected rates go to emergency services in the future.

The closing balance of \$57,769 represents targeted rates collected (and adjusted for non-collection) and not allocated to date.

Emergency Services Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018 (revised)	148,736	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	(90,967)	34,453
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	57,769	34,453

Mid North Bus Reserve

The Mid North Bus Service Reserve was created to hold any targeted Mid North Transport rates collected and unspent in any given year to cover any future funding shortfalls of the Mid North bus service. This rate has been replaced with the Far North Transport rate

\$87,768 was transferred from the reserve during 2018/19 fully utilising any residual reserve balance.

Mid North Bus Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	87,768	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	(87,768)	-
Closing Balance as at 30 June 2019	-	-

Far North Transport Reserve

The Far North Bus Service Reserve was created to hold any targeted Far North Transport rates collected and unspent in any given year to cover any future funding shortfalls of the Mid North Link and Far North Link projects. This rate replaces the Mid North Transport rate and Kaitiā Bus Service rate.

\$152,453 was transferred to the reserve during 2018/19.

Far North Bus Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	152,453	-
Closing Balance as at 30 June 2019	152,453	-

During 2018/19 two projects were not completed. Far North and Mid North Link marketing and promotion projects totalling \$4,770 are expected to be completed in the 2019/20 financial year.

LIDAR Reserve

The LIDAR Reserve was created to hold any LIDAR contributions as this project is run over a number of years and includes funding from seven parties.

The reserve balance at 30 June 2019 is \$366,690, consisting of \$316,690 of council funding and \$50,000 of Land Information New Zealand (LINZ) funding.

LIDAR Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	546,934	-
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	(180,244)	-
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	366,690	-

Regional Sporting Facilities Reserve

The Regional Sporting Facilities Reserve was established to set aside any targeted Regional Sporting Facilities rates collected and not fully utilised in any given year for the purpose of funding sporting facilities across Northland.

During the 2018/19 year \$621,192 of unspent rates were transferred to reserve.

Regional Sporting Facilities Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	621,192	-
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	621,192	-

Operational Costs Reserve

The Operating Costs Reserve was established in June 2019. The purpose of the Operating Costs Reserve (and cash holdings it represents) is to ensure that the portion of annual operating costs in any financial year that is intended to be funded from managed fund gains is guaranteed and not exposed to market volatility.

Surplus gains of \$1,131,196 earned on council's externally managed fund portfolio in the 2018/19 financial year was transferred to the reserve.

Operational Cost Reserve	Actual	Revised Budget
Opening Balance as at 1 July 2018	-	
Increase /(Decrease) in Reserve throughout 2018/19 (operational transfer)	1,131,196	-
Increase /(Decrease) in Reserve throughout 2018/19 (capital transfer)	-	-
Closing Balance as at 30 June 2019	1,131,196	-

Capital Subsidy Reserve

There is \$77,049 of subsidy received held in this reserve to partially offset future depreciation costs associated with the Regional Integrated Ticketing Information System (RITIS).

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 14 August 2019

TITLE: Regional Rates Collection - 2018/19

ID: A1222450

From: Simon Crabb, Finance Manager

Executive summary/Whakarāpopototanga

The three district councils administer the collection of the regional council rates on council's behalf.

The table below summarises the level of rates collected in 2018/19, the total outstanding rate balances, and the provisions held to offset the prospect of non-collection of the outstanding rates as at 30 June 2019.

	WDC		KDC		FNDC		TOTAL	
	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18
Amount of Current Year Rates Collected	\$15.27M	\$12.14M	\$4.44M	\$3.44M	\$9.95M	\$7.20M	\$29.65M	\$22.78M
Percentage of Current Year Rates Collected	96.0%	96.0%	92.5%	93.5%	86.0%	86.1%	91.9%	92.2%
Percentage of Current Year Rates Collected – 3 Year Average	95.9%	95.5%	93.4%	93.9%	86.6%	87.5%	92.3%	92.5%
Amount of Rate Arrears Collected	\$169K	\$170K	\$234K	\$165K	\$322K	\$385K	\$725K	\$720K
Percentage of Rate Arrears Collected	53.2%	52.1%	38.3%	33.2%	8.7%	11.5%	15.7%	17.3%
Percentage of Rate Arrears Collected - 3 Year Average	53.9%	56.3%	37.5%	43.2%	10.7%	12.7%	17.8%	20.7%
Total Outstanding Rates at Year End	\$325K	\$317K	\$819K	\$612K	\$1.73M	\$2.09M	\$2.88M	\$3.02M
Total Provision held to offset prospect of Non-Collection	\$156K	\$165K	\$568K	\$448K	\$1.50M	\$1.82M	\$2.23M	\$2.43M
Provision as a % of Outstanding rates	48.1%	51.8%	69.3%	73.2%	86.7%	86.9%	77.4%	80.4%

Recommendation

That the report 'Regional Rates Collection - 2018/19' by Simon Crabb, Finance Manager and dated 31 July 2019, be received.

Background/Tuhinga

Confirmation of council's rates transactions and outstanding rate balances for 2018/19 are provided by each district council as part of the year-end Annual Report process.

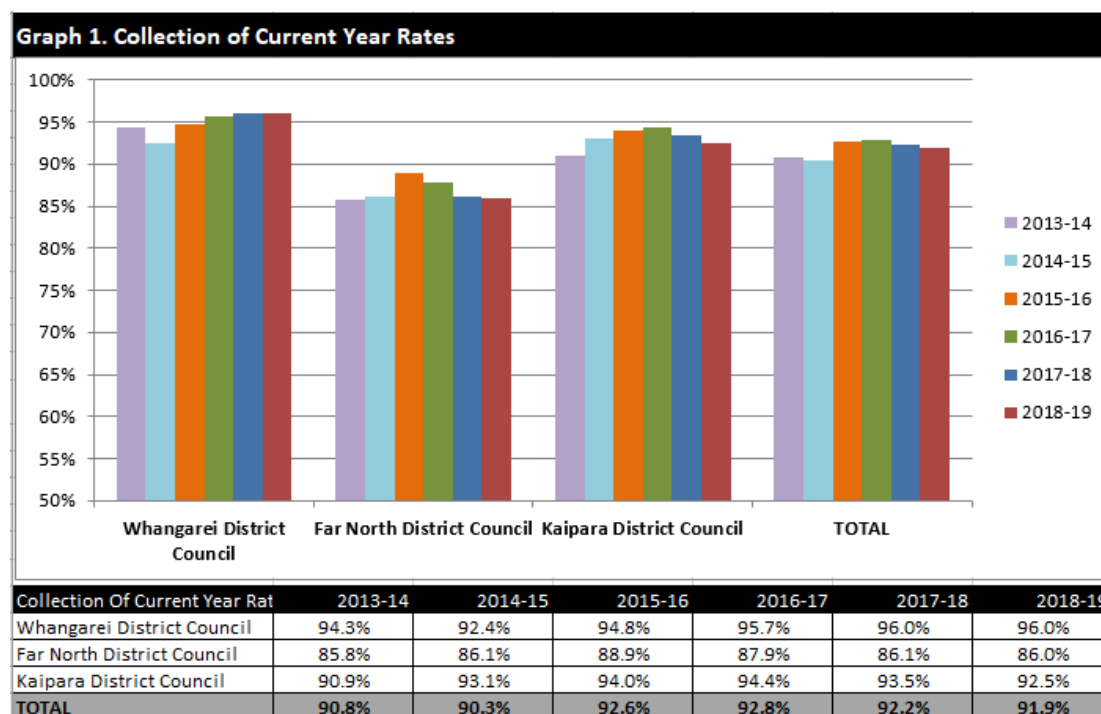
As at 30 June 2019, council's total outstanding rates in its year-end accounts is \$2,877,236. This is a decrease of \$144,971 from last year's balance of \$3,022,207.

Current Year Rates

In 2018/19 council received \$29,650,373 of the annual rates strike, equivalent to **91.9%** (2017/18: 92.2%). The three-year average current year rates collection rate has slightly reduced to **92.3%** (2017/18: 92.5%).

Attachment 1 is the 2018/19 Rates Reconciliation Statement. This reconciliation summarises council's rate strike, cash received, remissions, write-offs, penalties charged, and includes the Māori Freehold Land impairment adjustment that are all accounted for when calculating council's annual rates revenue and the total outstanding rates in our year-end accounts.

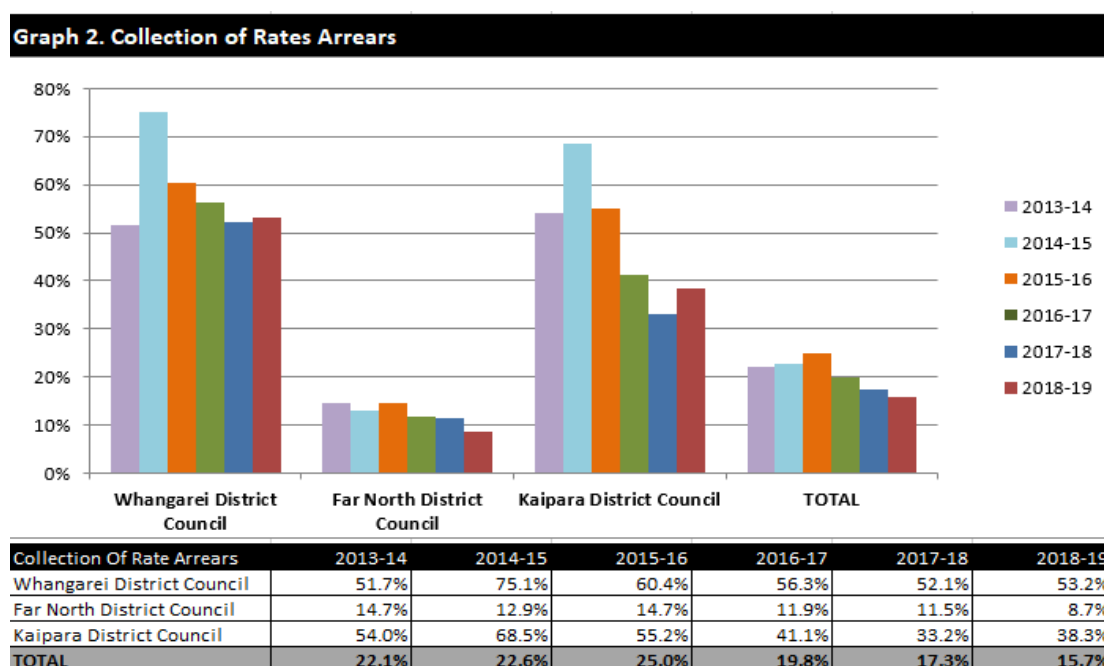
Graph 1 presents the proportion of current year rates that has been collected by each district council over the past six years.



Rate Arrears

Outstanding rate arrears (including penalty arrears) collected in 2018/19 totalled \$724,908, equivalent to a collection rate of **15.7%** (2017/18: 17.3%) of the opening outstanding rate balance excluding the Māori Freehold Land impairment adjustments. The three-year average rate arrears collection rate has reduced to **17.8%** (2017/18 20.70%).

Graph 2 presents the proportion of outstanding rate arrears that has been collected by each district council over the past six years.



Māori Freehold Land Rating impairment required under IPSAS 23

NZ Accounting Standard IPSAS 23 governs the recognition and measurement of rating revenue and this standard stipulates that revenue is recognised when it is probable that council is going to receive payment.

Due to the regional council's historical experience of non-payment of rates on Māori Freehold Land, it was considered necessary (and confirmed as necessary by Deloitte) that the 2018/19 rates revenue struck on Far North Māori Freehold Land (MFL) should be reduced and a corresponding reduction made to the provision for doubtful debts expense.

The amount of the MFL adjustment for 2018/19 is \$561,198, which is significantly larger in dollar terms than last year's adjustment of \$377,086 due to council's rates strike increasing by an average of 29% in 2018/19. However, it is largely in line with last year's collection rate of MFL current year rates of approximately 30%.

\$667K of the MFL rates written off was written off against previously created provisions. The write-off of MFL rates in the Far North is administered and processed by the Far North District Council (FNDC). The large increase in write-offs this year is due to FNDC having IT issues last year that prevented the extraction of accurate bulk data from their rating software. This issue restricted the level of statute barred rates (past six years) that were written off last year. This year's write-off has been a catch-up year with all outstanding statute barred rates now written off and up to date. Going forward this process will be performed annually.

The total rates outstanding at 30 June 2019 on Māori Freehold Land in the Far North District, disregarding cumulative impairments, is \$2,660,182.

Maori Freehold Land Rates	FNDC	
	18-19	17-18
MFL Outstanding Rate Opening Balance	\$2.75M	\$2.47M
plus: Current Year MFL Rates Struck	\$1.05M	\$676K
less: Current Year MFL Rate Remissions & other adjustments	(\$116K)	(\$62K)
less: Current Year MFL Rate & Penalty Payments received	(\$303K)	(\$217K)
less: Arrear MFL Rate Remissions & other adjustments	(\$17K)	(\$59K)
less: Arrear MFL Rate & Penalty Payments received	(\$21K)	(\$27K)
less: MFL Rates written off	(\$678K)	(\$38K)
MFL Outstanding Rates Closing Balance before Impairment	\$2.66M	\$2.75M
less: Accumulated Prior year MFL Rate impairment	(\$1.59M)	(\$1.21M)
less: Current Year MFL Rate impairment	(\$561K)	(\$377K)
MFL Outstanding Rates Closing balance - as per Annual Accounts	\$510K	\$1.16M

Provision for Rate Doubtful Debts

The rationale for determining the level of Provision for Rate Doubtful Debts was modified slightly in 2018/19 as more detail and precision was provided from the district councils. This enabled the provision held for outstanding rate penalties to be based on actual non-collection rates as opposed

to the longstanding method of applying a 100% provision. This change is the main reason for the provision percentages dropping for the Whangarei and Kaipara Districts.

The Far North provision has the same provision percentage as last year of 87%, but may be a little on the low side considering the average three-year collection rate of Far North rate arrears is only 11%. The relevant 2019/20 and draft 2020/21 budgets have been increased in an endeavour to raise the level of the Far North provision.

Provision for Rate Doubtful Debts	WDC		KDC		FNDC		TOTAL	
	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18
Opening Balance	\$165K	\$149K	\$0.45M	\$359K	\$1.82M	\$1.89M	\$2.43M	\$2.39M
Rate Arrears written off during the year	(\$27K)	(\$11K)	(\$15K)	(\$11K)	(\$595K)	(\$89K)	(\$637K)	(\$111K)
Penalty Arrears written off during the year	(\$46K)	(\$60K)	(\$2K)	(\$16K)	(\$65K)	\$0K	(\$113K)	(\$76K)
Additional provision for Rate Arrears	\$48K	\$15K	\$116K	\$54K	\$288K	(\$96K)	\$451K	-\$27K
Additional provision for Penalty Arrears	\$17K	\$72K	\$21K	\$61K	\$57K	\$119K	\$95K	\$251K
Provision for Rate Doubtful Debts Closing Balance	\$156K	\$165K	\$568K	\$448K	\$1.50M	\$1.82M	\$2.23M	\$2.43M
Total Outstanding Rates at Year End	\$325K	\$317K	\$819K	\$612K	\$1.73M	\$2.09M	\$2.88M	\$3.02M
Provision as a percentage of Outstanding rates	48%	52%	69%	73%	87%	87%	77%	80%

Attachments/Ngā tapirihanga

Attachment 1: Rates Reconciliation 2018/19 [↓](#)

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 14 August 2019

ATTACHMENT ONE NORTHLAND REGIONAL COUNCIL - RATES RECONCILIATION STATEMENT 2018/19
ANNUAL RATES RECONCILIATION WITH DISTRICT COUNCILS (including Year end MFL Impairment adjustment)

District Council	Outstanding Rates 1 July 2018 per District Council	Impairment on MFL rates (4 years)	Outstanding Rates 1 July 2018 NRC Accounts	2018/19 Rate Strike (GST Ind)	Adjustments to Rate Strike (remissions & postponements)	Penalties Applied	Discounts	Rate Write-offs Exp	Rate Write-offs Prov	Total Cash Received	Outstanding Rates 30 June 2019 per District Council	Impairment on MFL rates 2018/19	Outstanding Rates 30 June 2019 NRC Accounts	Outstanding Current Year Rates 30 June 2019	Outstanding Rate Arrears 30 June 2019	Note	Outstanding Current Year Rates 30 June 2018	Outstanding Rate Arrears 30 June 2018	Outstanding Rates 30 June 2018 NRC Accounts
Far North District Council	\$3,682,117	(\$1,588,972)	\$2,093,146	\$11,568,905	(\$385,371)	\$166,344	\$0	(\$50,806)	(\$771,505)	(\$10,325,970)	\$2,294,743	(\$561,198)	\$1,733,545	\$751,755	\$981,790	Assumes final washup payment of \$234144 which was paid in July-19 and backdated to 30 June 2019	\$557,082	\$1,536,064	\$2,093,146
Kaipara District Council	\$611,691	\$0	\$611,691	\$4,796,732.68	(\$72,316)	\$163,670	\$0	(\$4,564)	(\$19,154)	(\$4,707,194)	\$818,954	\$0	\$818,954	\$359,235	\$459,719	Assumes final washup payment of \$45712 which was paid in July-19 and backdated to 30 June 2019	\$236,123	\$375,568	\$611,691
Whangarei District Council	\$317,370	\$0	\$317,370	\$15,906,688	(\$343,014)	\$88,213	(\$72,449)	(\$18,648)	(\$77,181)	(\$15,476,242)	\$324,738	\$0	\$324,738	\$230,441	\$94,297	Assumes final washup payment of \$129465 which was paid in July-19 and backdated to 30 June 2019	\$202,329	\$115,041	\$317,370
TOTAL	\$4,611,178	(\$1,588,972)	\$3,022,207	\$32,272,326	(\$750,701)	\$418,226	(\$72,449)	(\$74,018)	(\$867,841)	(\$30,509,316)	\$3,438,434	(\$561,198)	\$2,877,236	\$1,341,431	\$1,535,805		\$995,534	\$2,026,673	\$3,022,207

TITLE: Draft Financial Result to 30 June 2019

ID: A1221361

From: Vincent McColl, Financial Accountant

Executive summary/Whakarāpopototanga

The purpose of this report is to present the draft financial result for the year ending 30 June 2019 for councillors' information. The draft result of \$0 is provisional. There may be further adjustments and amendments as the year-end reconciliations are reviewed by senior staff and the statutory financial statements (including notes) for the draft Annual Report are prepared. There may also be amendments arising from council decisions. Deloitte is scheduled to commence their three-week on-site audit on 19 August 2019.

This result excludes \$2.2M of non-cash revaluation gains to investment properties, forestry assets and other financial assets. Taking these non-cash revaluation gains into account and the movements in the special reserves, the statutory financial statements within the annual report will present a total Comprehensive Revenue and Expense of approximately \$5.7M.

For the Draft Operating Result for Council refer to **Attachment 1**.

Recommendation

That the report 'Draft Financial Result to 30 June 2019' by Vincent McColl, Financial Accountant and dated 31 July 2019, be received.

Background/Tuhinga

Financial results

The provisional Net Surplus after Transfers to and from Special Reserves and excluding non-cash items is **\$0** compared to a budgeted surplus of \$29K.

The main variances to the **revised budget** presented in Attachment 1 are explained below:

Revenue

- **User Fees and Sundry** has a favourable variance (better than budget) of **\$191K or 4%** which is due to higher than budgeted consent applications and transfer fees of \$82K, and consent monitoring fees of \$227K. This is partially offset by lower than budgeted bus fare revenue of (\$177K).
- **Grants and Subsidies** has an unfavourable balance (worse than budget) of **(\$110K) or (2%)**. This variance is predominantly due to lower than budgeted NZTA and WDC subsidies due to delayed work (Whangārei rural trials and Whangārei terminus upgrades) of (\$481K). This is partially offset by unbudgeted grants for the Hill Country Boost project of \$364K.
- **Interest Income** has an unfavourable balance (worse than budget) of **(\$40K) or (6%)**. This variance is predominantly due to managing cashflow tightly leading to lower bank interest earned but higher Short Term Fund gains.

- **Other Revenue** has an unfavourable variance (worse than budget) of **(\$177K) or (2%)** which is due to lower than budgeted Marsden Maritime Holdings Limited dividends of (\$110K), lower than budgeted commercial property rent of (\$43K) (2% variance of the total commercial rent budget), and lower than budgeted forestry harvest income of (\$35K).
- **Other gains** has a favourable variance (better than budget) of **\$147K or 5%** which is primarily due to more than budgeted gains on the externally managed funds of \$217K; the details of which are the subject of agenda item 5.1. Partially offsetting this is the loss on disposal of various assets totalling (\$70K).

Expense

- **Personnel Costs – Salaries** has a favourable variance (expenditure less than budget) of **\$472K or 3%** due to delays in filling LTP roles and savings from holding some vacancies earlier in the year.
- **Personnel Costs – Other** has an unfavourable variance (expenditure exceeding budget) of **(\$204K) or (25%)** predominantly due to an increase in annual and flexi leave balances of (\$84K), unbudgeted redundancy payments of (\$45K), and higher than budgeted overtime of (\$28K).
- **Other Expenditure** has a favourable variance (expenditure less than budget) of **\$2.38M or 8%**. This consists of many variances across all council activities including lower than budgeted Northland Inc. grants of \$945K, lower than budgeted transport contracts (Whangārei rural trials and Whangārei terminus upgrade) of \$863K, lower than budgeted sports facilities grants of \$642K, lower than budgeted expenditure on Freshwater Improvement Fund Projects of \$332K, lower than budgeted LIDAR costs of \$220K, lower than budgeted lab testing contract costs of \$212K, lower than budgeted stop bank and river clearance works of \$50K, lower than budgeted advertising and promotions costs of \$109K, lower than budgeted S17A review consultant costs of \$103K, lower than budgeted natural hazards consultants of \$148K, lower than budgeted forestry harvest costs of \$88K, and lower than budgeted non-contestable grants of \$59K.

This is offset with unbudgeted impairments of the REL loan of (\$820K), more than budgeted legal fees for environmental incidents and consent applications of (\$147K), unbudgeted costs for the Hill Country Boost Project of (\$265K), and higher than budgeted costs for the Infrastructure as a Service contract of (\$198K).

The net transfer to the Special Reserves is \$2.7M greater than budget (more funds transferred into the reserves) predominantly due to the transfer of \$1.13M to the operational cost reserve, lower Investment and Growth reserve movements for the Northland Inc. projects of \$945K, unbudgeted transfers to the sporting facilities reserve of \$621K, lower than budgeted reserve movements from the land management reserve for FIF projects of \$137K, and higher than budgeted transfers to the Equalisation Reserve due to lower forestry harvest costs than anticipated of \$133K. These are partially offset with lower transfers to reserves relating to externally managed funds of \$407K and a transfer from rather than the budgeted transfer to the emergency services reserve due to one off payments to grant recipients to utilise the remaining three-year unspent rates. Further detail on the Special Reserves is provided in agenda item 5.5.

The draft 2018/19 Annual Report will be provided to the Audit and Finance Working Party on 12 September 2019, with the final Annual Report to be provided to council on 25 September 2019 for adoption. The Annual Report will provide detailed funding impact statements by activity group and full detailed explanations of any material variance.

Capital Expenditure

Total capital expenditure for the year was \$6.86M which is \$65K less than the \$6.93M revised annual budget. A detailed breakdown of capital expenditure variances and proposed carry forwards is provided in agenda item 5.4.

Attachments/Ngā tapirihanga

Attachment 1: Draft Operating Statement for Council [↓](#)

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 14 August 2019

DRAFT Operating Statement for Council

Attachment One

For the year ended 30 June 2019

	DRAFT Council 30- Jun-19	Revised Budget 30-Jun-19	Variance	Variance %
Total Council				
Revenue				
Rates	27,203,078	27,169,583	33,495	0%
User Fees and Sundry	4,486,457	4,295,582	190,874	4%
Grants and Subsidies	4,900,365	5,010,757	(110,392)	-2%
Interest Income	668,897	709,334	(40,437)	-6%
Other Revenue	7,528,903	7,706,674	(177,771)	-2%
Other Gains	3,355,717	3,208,659	147,058	5%
Total Revenue	48,143,417	48,100,589	42,827	-
Expenditure by Type				
Expenditure				
Personnel Costs - Salaries	14,923,669	15,396,082	472,413	3%
Personnel Costs - Other	1,011,022	807,290	(203,732)	-25%
Other Expenditure on Activities	26,133,289	28,515,866	2,382,577	8%
Depreciation and Amortisation	1,628,731	1,626,194	(2,537)	0%
Finance Costs	902,849	897,712	(5,137)	-1%
Total Expenditure	44,599,560	47,243,145	2,643,585	-
Net (Cost)/Surplus before transfer from/(to) Special Reserves	3,543,857	857,445	2,686,412	-
Transfers from/(to) Special Reserves				
Transfers from/(to) Land Management	96,954	233,756	(136,802)	-59%
Transfers from/(to) Awanui River	(43,562)	(178,471)	134,909	-76%
Transfers from/(to) Awanui River FIR	(316,116)	(354,232)	38,116	-11%
Transfers from/(to) Kaihu River	38,500	10,174	28,326	278%
Transfers from/(to) Kaeo River Reserve	(37,826)	12,681	(50,507)	-398%
Transfers from/(to) Kaeo River FIR	(20,811)	(21,430)	619	-3%
Transfers from/(to) Whangarei Urban River Reserve	(405,938)	(407,055)	1,117	0%
Transfers from/(to) Whangarei Urban River FIR	(60,007)	(60,404)	397	-1%
Transfers from/(to) Waipapa/Kerikeri River Reserve	(2,293)	12,607	(14,900)	-118%
Transfers from/(to) Hatea River Reserve	(46,714)	52,348	(99,062)	-189%
Transfers from/(to) Flood Infrastructure Reserve	(523,933)	(559,419)	35,486	-6%
Transfers from/(to) Whangarei Heads Pest Reserve	546	-	546	-
Transfers from/(to) Infrastructure Facilities Reserve	(281,710)	(175,200)	(106,510)	61%
Transfers from/(to) Investment and Growth Reserve	944,291	1,911,277	(966,986)	-51%
Transfers from/(to) Recreational Facilities Reserve	27,518	27,518	(0)	0%
Transfers from/(to) Sporting Facilities Reserve	(621,192)	-	(621,192)	-
Transfers from/(to) Property Reinvestment Fund Reserve	(48,776)	(239,362)	190,586	-80%
Transfers from/(to) Infrastructure Investment Fund Reserve	-	(110,082)	110,082	-100%
Transfers from/(to) Community Investment Reserve	(854,205)	(960,502)	106,297	-11%
Transfers from/(to) Equalisation Reserve	(508,766)	(375,613)	(133,153)	35%
Transfers from/(to) Approved Carry Forwards General Funds	86,915	164,835	(77,920)	-47%
Transfers from/(to) Kaitaia Bus Reserve	38,412	-	38,412	-
Transfers from/(to) Whangarei Bus Reserve	(70,441)	-	(70,441)	-
Transfers from/(to) Mid North Bus Reserve	87,768	-	87,768	-
Transfers from/(to) Far North Bus Reserve	(152,453)	-	(152,453)	-
Transfers from/(to) LIDAR Reserve	180,244	222,306	(42,062)	-19%
Transfers from/(to) Emergency Services Reserve	90,967	(34,453)	125,420	-364%
Transfers from/(to) Capital Subsidy Reserve	(10,032)	-	(10,032)	-
Total Transfers from/(to) Reserves	(2,412,660)	(828,721)	(1,583,940)	191%
Net (Cost)/Surplus before transfer to Opex Funding Reserve	1,131,196	28,724	1,102,472	3838%
Transfers from/(to) Opex Funding Reserve	(1,131,196)	-	(1,131,196)	-
Net (Cost)/Surplus after transfer from/(to) Special Reserves and excluding Non Cash Revaluation Gains	(0)	28,724	(28,724)	-100%

TITLE: Update to Delegations

ID: A1222713

From: Vincent McColl, Financial Accountant and Anan Thiru, Accounts Assistant - Treasury and Projects

Executive summary/Whakarāpopototanga

This report seeks council approval for amendments to the delegations manual, which has not been sub-delegated and may only be approved by a council resolution.

These amendments are an update to the bank and cheque signatory delegations.

Recommendation(s)

1. That the report 'Update to Delegations' by Vincent McColl, Financial Accountant and Anan Thiru, Accounts Assistant - Treasury and Projects and dated 1 August 2019, be received.
2. That council approve the updated bank and cheque signatory delegations, as outlined in Attachment 1 (pertaining to Item 6.2 of the 20 August 2019 council meeting agenda).

Background/Tuhinga

For administrative efficiency and expediency when conducting day-to-day business, the council and its Chief Executive delegates certain statutory duties, responsibility and powers to committees, members or staff.

Council's delegation manual records delegations given to council officers in relation to administrative and financial matters, and in relation to statutory duties, responsibilities and powers. This is a living document that is reviewed periodically and is updated as necessary in response to legislative or staff changes.

The Chief Executive may authorise changes and updates to any delegations or matters to which he has been sub-delegated, however delegations made under the Resource Management Act 1991 and the Local Government (Ratings) Act 2002 are not able to be sub-delegated and may only be approved by a council resolution.

Bank and cheque signatory delegations

The delegation for authorising payment vouchers, signing cheques and authorising electronic payments on the council's ASB Bank, Bank of New Zealand and investment accounts was last amended in June 2019. Updates are now proposed to entrench current practices around uploading and authorising payments.

The amendments proposed by this report are:

1. Remove the Management Accountant, Finance Manager, and GM Corporate Excellence from being able to upload or initiate a payment.
2. Extend the process to separate the person who enters or uploads an electronic transaction from the people who authorise them to include payroll transactions.
3. Some minor wording changes to improve clarity.

An excerpt from the delegations manual for creating and authorising payments, including changes, is provided in **Attachment 1**.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Approve updates to delegations as recommended for separation of initiator and authoriser, as included in Attachment 1 to this report.	Delegations will entrench current practice and extend formal separation of duties.	May lead to not being able to make payments during periods of time where staff often take leave (Christmas, Easter, etc.).
2	Do not approve updates to delegations.	Being more able to quickly process payments during some holiday times when staff levels can be lower.	Less formal separation of duties between those uploading and authorising payments.

The staff's recommended option is Option 1

2. Significance and engagement

Section 76AA of the LGA directs that council must adopt a policy setting out how significance will be determined, and the level of engagement that will be triggered. This policy assists council in determining how to achieve compliance with the LGA requirements in relation to decisions.

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. Council is able to make decisions relating to this matter without undertaking further consultation or engagement.

3. Policy, risk management and legislative compliance

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.

Further considerations

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

Attachments/Ngā tapirihanga

Attachment 1: Bank Delegations update [↓](#)

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 08 August 2019

Financial Delegations from the Council to Officers

Description	Delegated to
Overall responsibility for day to day treasury management activities Including establishing appropriate structures, procedures, and controls.	Group Manager – Corporate Excellence
Borrowing and investment Undertaking new borrowing or re-financing of existing debt in accordance with LTP / AP, requirements of the LGA 2002, approved policies, including investment, Liability Management and Treasury Management Policies, counterparties, approved expenditure limits and any relevant council resolutions.	Chief Executive
Investments – in accordance with Investment Policy, Treasury Management Policy, Statement of Investment Policy and Objectives (SIPO) and relevant sub-committee or working party Terms of Reference.	Group Manager – Corporate Excellence
Compliance with legislation Ensuring the financial policies included in Part 6 subpart 3 of LGA 2002 comply with existing and new legislation.	Group Manager – Corporate Excellence.
Bank accounts Opening/closing bank accounts and authorising signatories to be ratified by the council. Overseeing the Council's cash requirements.	Group Manager – Corporate Excellence Finance Manager Group Manager – Corporate Excellence Finance Manager Accounting Assistant – Treasury and Projects
Day to day treasury functions – Internally Managed Funds Maintaining a register of all balance sheet items and reconciliations, reviewing and approving all reconciliations and overseeing maintenance and integrity of general ledger recording.	Group Manager – Corporate Excellence Finance Manager Financial Accountant Management Accountant

Maintaining a register of all daily cashflow requirements, bank, investment and reconciliations.	Finance Manager Financial Accountant Accounting Assistant – Treasury and Projects
Bank authorities including operation of bank accounts, cheque signing and bank authorities <u>All Accounts</u> All Banks	Any two of the following positions: (signing and counter-signing) Chief Executive Group Manager – Corporate Excellence Group Manager – Environmental Services Group Manager – Strategy, Governance and Engagement Finance Manager Management Accountant Financial Accountant
Issue and operation of council credit cards All banks	Any of the signatories in Schedule 4 “Approved credit card holders” are authorised to operate corporate credit cards subject to approved expenditure limits, LTP / AP budgets and any relevant council policy. The CEO approves the issuing and limits on all staff credit cards. The CEO approves all Group Manager credit card expenditure. Group Manager’s approve other staff credit card expenditure. The Chairperson approves the CEO expenditure and the Deputy Chairperson approves the Chairperson’s expenditure.
Day to day functions – Externally Managed Funds <u>Working Capital Fund</u> Invest and withdraw funds within SIPO limits Initiator Authoriser	Finance Manager Accounting Assistant – Treasury and Projects Accounting Assistant Financial Accountant Chief Executive plus any one of the following positions (signing and counter-signing): Group Manager – Corporate Excellence Finance Manager Management Accountant

<p><u>Other Externally Managed Funds:</u></p> <ul style="list-style-type: none"> • Property Reinvestment Fund • Infrastructure Investment Fund • Community Investment Fund <p>Invest and withdraw funds between fund managers as approved by Council and/or Investment Sub-Committee within the SIPO limits.</p> <p>Withdraw funds as approved by council within SIPO limits</p> <p>Initiator</p> <p>Authoriser</p>	<p>Financial Accountant</p> <p>Finance Manager</p> <p>Accounting Assistant – Treasury and Projects</p> <p>Financial Accountant</p> <p>Chief Executive Officer plus any one of the following positions (signing and counter-signing):</p> <p>Group Manager – Corporate Excellence</p> <p>Finance Manager</p> <p>Management Accountant</p> <p>Financial Accountant</p>
<p>Operation of the Electronic Banking ASB Fastnet System</p> <p>System used to download bank statement transactions.</p>	<p>Group Manager – Corporate Excellence</p> <p>Finance Manager</p> <p>Financial Accountant</p> <p>Management Accountant</p> <p>Accounting Assistant – Treasury and Projects</p> <p>Accounting Assistant</p>
<p>On-line Corporate Saver account.</p> <p>Transfer between Corporate Saver and Cheque Account – Initiator/Authoriser.</p>	<p>Group Manager – Corporate Excellence</p> <p>Finance Manager</p> <p>Financial Accountant</p> <p>Management Accountant</p> <p>Accounting Assistant – Treasury and Projects</p> <p>Accounting Assistant</p>
<p>Direct Credit to Pay Creditors</p> <p>Initiator</p>	<p>Finance Manager</p> <p>Group Manager – Corporate Excellence</p> <p>Management Accountant</p> <p>Financial Accountant</p> <p>Accounting Assistant</p> <p>Accounting Assistant – Treasury and Projects</p>

Authoriser (Must be a different person than initiator)	Any two of the following positions (signing and counter-signing): Group Manager – Corporate Excellence Group Manager – Strategy, Governance and Engagement Group Manager – Environmental Services Finance Manager Financial Accountant Management Accountant
Payroll Payments Initiator Authoriser (Must be a different person than initiator)	Finance Manager Group Manager – Corporate Excellence Management Accountant Financial Accountant Accounting Assistant Accounting Assistant – Treasury and Projects Any two of the following positions (signing and counter-signing): Group Manager – Corporate Excellence Finance Manager Financial Accountant Management Accountant Group Manager – Strategy, Governance and Engagement. Group Manager – Environment Services
Write-off outstanding accounts receivable of amounts: <ul style="list-style-type: none"> less than \$1,000 Between \$1,000 and \$5,000 Greater than \$5,000 	All Group Manager and Managers Chief Executive Council (For the avoidance of doubt)
Refund of unused portion of Application Deposit.	Group Manager – Regulatory Services Consents Manager Coastal and Works Consents Manager
Remit fees and charges of amounts: <ul style="list-style-type: none"> less than \$1,000 Between \$1,000 and \$5,000 	All Group Managers and Managers Chief Executive

<ul style="list-style-type: none">• Greater than \$5,000	Council
Withholding of goods or services Consideration of the provision of services to the council, or tenancy or occupation of any council property or asset by any persons who have had a bad debt owing to the council written off, is subject to the Chief Executive Officers discretion.	Chief Executive

* It is considered an acceptable one up approval process where the Financial Accountant approve files initiated/loaded by the Accounting Assistants

TITLE: Northland Water Storage and Use Project: Council approval to progress and execute the project

ID: A1225761

From: Darryl Jones, Economist

Executive summary/Whakarāpopototanga

On 8 July 2019 a funding agreement between council and the Ministry of Business, Innovation and Employment (MBIE) was finalised for the Northland Water Storage and Use Project. This agreement provides funding from the Provincial Growth Fund (PGF) to carry out further investigative work (pre-construction) into water storage and use options in three command areas near Kaikohe and Dargaville. A Pre-feasibility Phase report is due to be completed by 31 March 2020.

Under the agreement council will procure and contract services to undertake the investigation works. Council allocated \$100,000 from its Investment and Growth Reserve (IGR) at its meeting on 16 April 2019 to meet the co-funding requirements of the Pre-feasibility Phase. The majority of the costs for the delivery of these services will be recovered through a monthly application to MBIE. While there is no net cost to council, other than its co-funding commitment, it will create liabilities that are not included in either the 2018–2028 Long Term Plan or the Annual Plan 2019/20 that may be considered unbudgeted expenditure.

Council approval is therefore sought to provide the Chief Executive Officer delegated authority to undertake unbudgeted expenditure and full authority to progress and execute the Northland Water Storage and Use Project.

Recommendation(s)

1. That the report 'Northland Water Storage and Use Project: Council approval to progress and execute the project' by Darryl Jones, Economist and dated 2 August 2019, be received.
2. That council provides delegated authority to the Chief Executive Officer to progress and execute the Northland Water Storage and Use Project (in accordance with the funding agreement signed between council and MBIE).

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Delegation to the CEO to progress and execute the Northland Water Storage and Use Project.	Gives the Chief Executive Officer authority to act expediently to ensure the project meets timeframes.	None
2	Maintain status quo	None	Increases the risk of the project not meeting timeframes.

The staff's recommended option is Option 1. The Chief Executive Officer will ensure that councillors are kept well informed of how the project is progressing through regular updates either via council workshops or formal meetings.

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 while it potentially involves operational expenditure with a value greater than \$750,000, the other thresholds are not triggered.

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, risk management and legislative compliance

The activities detailed in this report are compliant with the requirements of the Local Government Act 2002. The Northland Water Storage and Use Project is being conducted in conformity with council's Procurement Policy and Procedures.

Further considerations

Being purely an administrative matter, community views, Māori impact statement, financial implications and implementation issues are not relevant.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 14 August 2019

TITLE: Freshwater Quality Management Units for Northland

ID: A1226903

From: Ben Tait, Policy Specialist - Water

Executive summary/Whakarāpopototanga

The purpose of this report is to present recommended freshwater quality management units for Northland and seek council's agreement to progress them as the basis for developing a plan change to give effect to the water quality planning requirements of the National Policy Statement for Freshwater Management 2017.

Recommendation(s)

1. That the report 'Freshwater Quality Management Units for Northland' by Ben Tait, Policy Specialist - Water and dated 6 August 2019, be received.
2. That council approves the recommended (interim) freshwater quality management units, as presented in this report, for the purpose of developing a plan change to give effect to the water quality planning requirements of the National Policy Statement for Freshwater Management 2017 (NPS-FM).

Background/Tuhinga

On Tuesday, 18 June 2019, council approved the following timetable for preparing a plan change to give effect to the NPS-FM water quality planning requirements:

- a. Define freshwater management units (May – June 2019).
- b. Assess and decide on appropriate modelling tool(s) for:
 - i. predicting water quality in the freshwater management units; and
 - ii. determining what catchment interventions (and costs) are needed to achieve aspirational water quality objectives (June – October 2019).
- c. Provide the evidence base to underpin the plan change and any accompanying new non-regulatory initiatives (November 2019 – March 2021).
- d. Engage with iwi and hapū, key stakeholders and the wider community throughout the process.
- e. Draft the plan change and a RMA section 32 evaluation report (July 2020 – July 2021).
- f. Notify the proposed water quality plan change (by 31 December 2021).

Regarding step one (defining freshwater management units), the NPS-FM directs regional councils to identify freshwater management units that include all freshwater bodies within its region. A freshwater management unit (FMU) is defined as a "water body, multiple water bodies or any part of a water body determined by the regional council as the appropriate spatial scale for setting freshwater objectives¹ and limits² and for freshwater [quality] accounting and management purposes".

¹ An intended environment outcome in a freshwater management unit (Interpretation, NPS-FM)

² The maximum amount of resource use available, which allows freshwater objectives (Interpretation, NPS-FM).

While having no official status and not constituting legal advice, the Ministry for the Environment's Guide to Identifying Freshwater Management Units states:³

The concept of FMUs was added to the NPS-FM [in 2014] following recommendations by the Land and Water Forum to:

- *encourage a pragmatic approach to freshwater management by allowing water bodies to be grouped together where appropriate*
- *allow a single objective to apply to freshwater bodies that are not connected*
- *establish a spatial scale at which management activities are undertaken, including freshwater accounting and setting freshwater objectives and limits.*

The definition of FMUs is intentionally flexible so councils can determine the spatial scale best suited to managing fresh water in the specific circumstances of their region. Management includes setting values, objectives, limits, and undertaking freshwater accounting and monitoring. The use of spatial units in land and water planning is not a new concept for councils, as this approach is already used by councils for water allocation. Incorporating FMUs into the NPS-FM formalises the concept, and attaches specific obligations to it.

The NPS gives regional councils discretion over the spatial scale of FMUs. Regional councils must define FMUs at an appropriate management scale for which to undertake freshwater accounting and set freshwater objectives and limits. An FMU may be made up of a group of water bodies that are similar, both physically and/or socially (e.g., who uses them and for what). Similar freshwater bodies can be grouped (e.g., all first order streams originating from a mountain range) and be effectively managed as one FMU. Alternatively, an individual freshwater body or a part of a freshwater body (e.g., a reach or sections of a river) could be set as an FMU.

Policy CA2 of the NPS-FM⁴ requires regional councils, through discussion with communities, including tangata whenua, to develop freshwater objectives for all freshwater management units using a specified process.

Council staff have defined preliminary freshwater quality management units largely based on major harbour/estuaries (the receiving environments for most of Northland's rivers) and communities of interest. The recommended freshwater quality management units are attached to this report.

It is important to note though that we are mindful of the direction in the Ministry for the Environment's Guide to Identifying Freshwater Management Units that:

*It is likely that, whichever approach is chosen, the process will be iterative and initial decisions will need to be revisited during the planning process (e.g., as values are identified for a water body). **For example, it may become apparent that a number of separate FMUs share the same values and would require the same freshwater objectives and limits. It may therefore be appropriate to group these as a single FMU.** Alternatively, it may become apparent that an area initially set as a single FMU has distinct parts with completely different sets of values and management approaches. In this case, it may be appropriate to manage these parts as separate FMUs. [my emphasis]*

Therefore, it is likely that the recommended FMU boundaries may be further refined as the project progresses.

³ Ministry for the Environment. 2016. A Guide to Identifying Freshwater Management Units Under the national Policy Statement for Freshwater Management 2014. Wellington: Ministry for the Environment.

⁴ https://www.mfe.govt.nz/sites/default/files/media/Fresh%20water/nps-freshwater-amended-2017_0.pdf

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	To endorse the recommended freshwater quality management units.	Provides certainty to start preparing the plan change, including developing and undertaking an iwi, hapū, key stakeholder and wider community engagement plan and addressing important information and research gaps.	There are no obvious disadvantages.
2	To endorse alternative freshwater quality management units.	While there are any number of possible combinations of freshwater management units with different advantages, there is no clear alternative that has significant advantages over what is recommended.	There are no obvious disadvantages, although there could be a delay in progressing the development of a plan change.
3	To not endorse alternative freshwater quality management units (at this time).	There are no obvious advantages.	A delay in progressing the development of a plan change and impact on council's ability to implement the NPS Freshwater within the statutory timeframes.

The staff's recommended option is Option 1.

2. Significance and engagement

In relation to section 70 of the Local Government Act 2002, the decision is considered to be of low significance when assessed against council's Significance and Engagement Policy.

3. Policy, risk management and legislative compliance

The National Policy Statement for Freshwater Management requires regional councils to identify freshwater management units that include all freshwater bodies within its region (Policy CA1). There are no other policy, risk management and legislative compliance implications arising from the recommendations in this paper.

Further considerations

4. Community views

Water management is of significant public interest and community and stakeholder engagement and participation in this project will be critical to its success.

5. Māori impact statement

Māori are particularly interested in the management of water and Māori engagement and participation in this project will be critical. Staff will engage with and seek advice from Te Taitokerau Māori and Council Working Party as staff develop the project plan and engagement approach.

6. Financial implications

Staff will report back to council during the Annual Plan 2021/22 process on the need for additional resources to deliver the project (i.e., preparing a plan change to give effect to the freshwater quality planning requirements of the NPS-FM).

7. Implementation issues

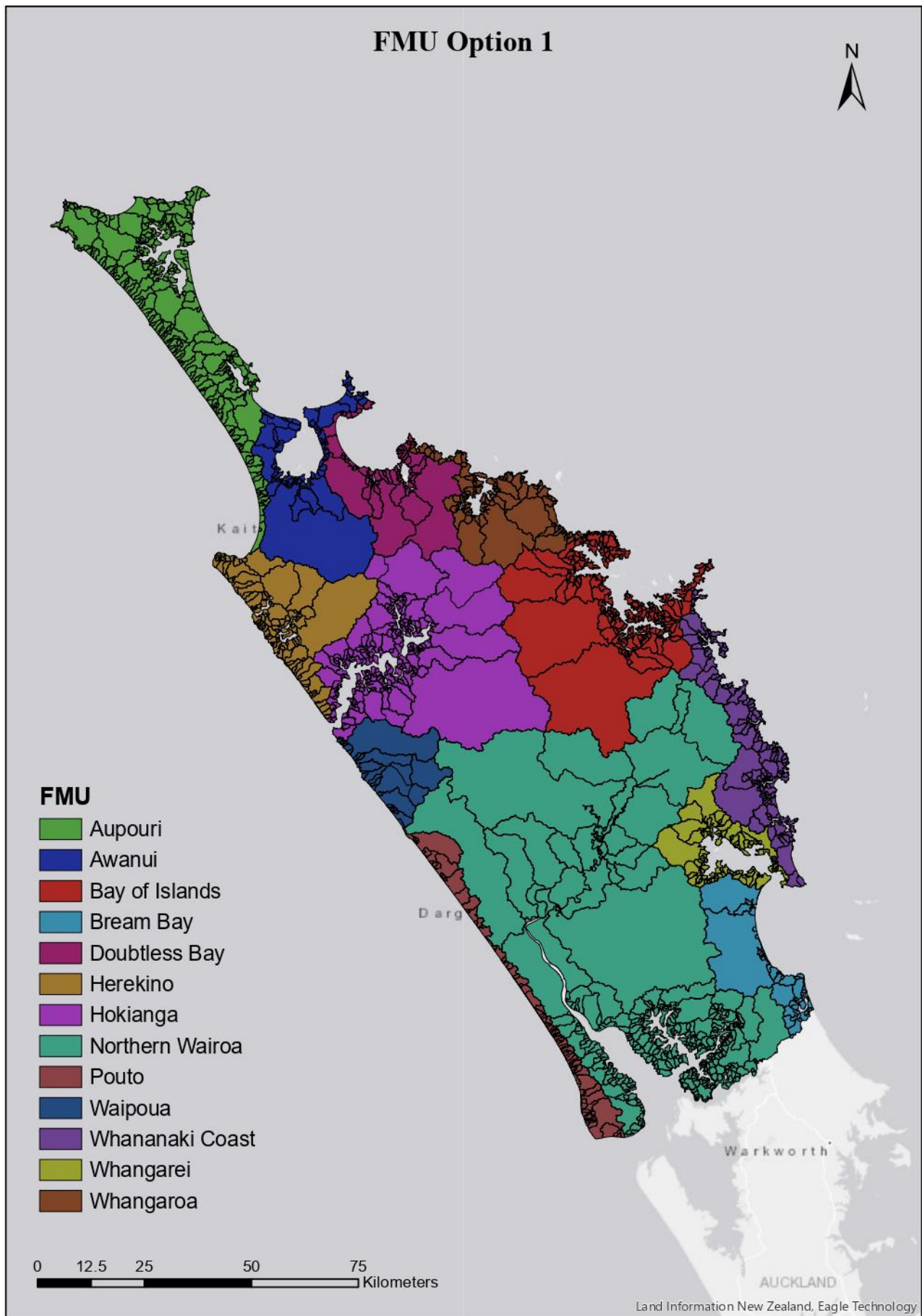
This could be a challenging project given the competing stakeholder expectations and perspectives on how council should manage water quality. To ensure these issues are given the necessary priority within council, a dedicated project steering group has been established, consisting of senior council staff from across the organisation. Progress will be reported to full council workshops and formal council meetings, as a means of ensuring council is kept well informed and aligned as the project progresses

Attachments/Ngā tapirihanga

Attachment 1: Proposed Freshwater Quality Management Units for Northland [↓](#)

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 14 August 2019



TITLE: Assessing Freshwater Quantity Limits for Fully Allocated Water Bodies

ID: A1227408

From: Ben Tait, Policy Specialist - Water and Susie Osbaldiston, Groundwater Management Specialist

Executive summary/Whakarāpopototanga

The purpose of this report is to:

- a) provide council with an update on work being progressed to assess the freshwater quantity allocation limits in the Proposed Regional Plan for water bodies that are fully allocated; and
- b) seek council's support on the initial key steps and proposed timetable of the project.

Recommendation(s)

1. That the report 'Assessing Freshwater Quantity Limits for Fully Allocated Water Bodies' by Ben Tait, Policy Specialist - Water and Susie Osbaldiston, Groundwater Management Specialist and dated 7 August 2019, be received.
2. That council supports this project and endorses the initial project milestones and timetable for assessing alternative freshwater quantity limits for fully allocated water bodies identified as (a) likely being under reasonably foreseeable significant future demand pressure, or (b) showing significant adverse effects resulting from current allocation.

Background/Tuhinga

In 2017, the council notified the Proposed Regional Plan for Northland (the Plan). The Plan was drafted and notified to, among other things, give effect to the freshwater quantity planning requirements of the National Policy Statement for Freshwater Management (NPS-FM). The Plan contains freshwater quantity objectives, freshwater quantity limits (minimum flows and levels, and allocation limits), and methods to avoid over-allocation. It also contains provisions to improve and maximise the efficient allocation and efficient use of water.

In April 2019, council accepted and adopted the recommendations of the independent hearing panel on changes to the Plan. There were no appeals to the Environment Court against the freshwater quantity limits, and therefore they can be considered operative.⁵

The Proposed Regional Plan groups Northland's water bodies into freshwater quantity management units based on their similar values and sensitivities to water abstraction. The freshwater quantity limits set for the freshwater quantity management units (aside from the Aupouri Aquifer) are based on (a) a 'regional' assessment of trade-offs between reliability and availability of supply of water for use, and (b) protection of ecological values (and preventing saline intrusion in aquifers). As such, the limits (aside from the Aupouri Aquifer) are not specifically tailored to individual water bodies. They should be considered 'default limits'.

On paper, based on these 'default limits', 11 mapped aquifers and 26 surface water catchments (small to large) are fully allocated (see [Indicative Surface Water Allocation Map](#) and [Indicative](#)

⁵ However, Horticulture New Zealand has appealed against the advice notes under the limits which set out how the allocation limits will be determined and applied.

[Groundwater Allocation Map](#)). The council cannot allocate any more water to be taken from fully allocated water bodies and must not make a decision that will likely result in future over-allocation.

Council staff have started a project to prioritise fully allocated water bodies for evaluation of their allocation limits, and if appropriate, making a recommendation to council on whether to develop a plan change with alternative, waterbody-specific limits and associated planning provisions for prioritised catchments. The prioritisation will be based, primarily, on two matters: (a) the significance of reasonably foreseeable demand pressures, and (b) the significance of adverse environmental effects resulting from the current water allocation.

Further, evaluation of these priority water bodies will include an assessment of all management options available. This could, for example, identify that a more appropriate approach is to review existing conditions of water take consent(s) to provide additional water instream for other extractive use or to protect environmental values.

The two principal areas of work to deliver the project are:

1. **Providing the evidence base** – This involves:
 - a. obtaining the technical evidence to prioritise water bodies based on the criteria;
 - b. working with water users (district councils, industry and sector groups, companies, relevant government agencies, and Māori) to determine the significance of reasonably foreseeable (10-15 years) pressures for water in the catchments of highly and/or fully allocated water bodies; and
 - c. determining and applying methodologies to assess the likely consequences of alternative, waterbody-specific limits.
2. **Developing a plan change (if appropriate)** – This involves, drafting a plan change and the accompanying RMA section 32 evaluation report.

The purpose of the project is to determine if alternative limits are required to address (a) any significant adverse environmental effects resulting from the current allocations, or (b) reasonably foreseeable future demand pressures.

Some of the work will be undertaken within existing budgets. However, there are some significant funding uncertainties associated with the potential need for more monitoring and research to identify and assess alternative limits. Staff are currently working to quantify what additional resourcing will be required and will present it to council for consideration for inclusion in the 2021/2022 Annual Plan.

The proposed project timetable is:

- Prioritise fully allocated water bodies for the assessment of alternative freshwater quantity limits, including by engagement with stakeholders (August 2019 – February 2020).
- Identify any additional resourcing requirements needed to support benefit-cost analyses of alternative limits and other policy options (August 2019 – February 2020).
- Assess the benefits and costs of alternative limits and other policy options (March 2020 onwards, noting that it could take several years depending on the water body).

Should council support progressing this project, details of additional resource requirements will be presented to council during the Annual Plan 2020/21 process, and a more detailed project plan and community engagement plan will be brought to council in early 2020 for adoption.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	To assess the limits for fully allocated water bodies.	Provides certainty to start reviewing the allocation framework for fully allocated catchments.	There are no obvious disadvantages.
2	To not assess the limits for fully allocated water bodies.	There are no obvious advantages.	Will delay the start of assessing fully allocated water bodies, which may impact on future use and development.

The staff's recommended option is Option 1.

2. Significance and engagement

This decision is considered to be of low significance when assessed against the council's Significance and Engagement Policy because it is part of council's day-to-day activities. Decisions about funding to undertake additional science will be done through the annual plan process.

3. Policy, risk management and legislative compliance

There are no policy, risk management or legislative compliance implications resulting from the recommendation in this report.

Further considerations

4. Community views

Water management is of significant public interest and community and stakeholder engagement and participation in this project will be critical to its success.

5. Māori impact statement

Māori are particularly interested in the management of water and Māori engagement and participation in this project will be critical. Staff will engage with and seek advice from Te Taitokerau Māori and Council Working Party as staff develop the project plan and engagement approach.

6. Financial implications

Staff will report back to Council during the Annual Plan 2021/22 process on the need for additional resources to deliver the project.

7. Implementation issues

This could be a challenging project given the competing stakeholder expectations and perspectives on how council should manage water quantity. To ensure these issues are given the necessary priority within council, a dedicated project steering group has been established, consisting of senior council staff from across the organisation. Progress will be reported to full council workshops and formal council meetings, as a means of ensuring council is kept well informed and aligned as the project progresses.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard

Title: Group Manager - Strategy, Governance and Engagement

Date: 14 August 2019

TITLE: Draft Productivity Commission Report on Local Government Funding and Financing

ID: A1226950

From: Justin Murfitt, Strategic Policy Specialist

Executive summary/Whakarāpopototanga

The Productivity Commission has progressed with the inquiry into local government funding and financing with a draft report setting out its findings and recommendations on whether the current system is suitable for current and future cost pressures. This follows on from consultation on an issues paper in late 2018. The draft report indicates the current system, based largely on property rates is generally sound, economically efficient and that change to a dramatically different model would be expensive and disruptive with uncertain benefits. It also found there is no evidence that rates have become less affordable over time. The commission therefore recommends the current system be retained, but suggests new tools are needed to address specific cost pressures. A draft submission was not able to be developed prior to the agenda deadline and approval is therefore sought to approve the draft under delegated authority. Submissions on the draft report close on 29 August 2019.

Recommendation(s)

1. That the report 'Draft Productivity Commission Report on Local Government Funding and Financing' by Justin Murfitt, Strategic Policy Specialist and dated 6 August 2019, be received.
2. That council authorise staff to draft a submission based on key submission points outlined in this report.
3. That the submission be approved, under delegated authority by the Chief Executive Officer, and lodged with the Productivity Commission by 29 August 2019.

Background/Tuhinga

The government asked the Productivity Commission to undertake an inquiry into whether local government funding and financing arrangements were 'fit for purpose' to meet current and future cost pressures. The inquiry began with an issues paper which examined the issues as the Commission saw them and invited feedback (council submitted on the issues paper in December 2018). The Commission released its draft report in July 2019 which includes 67 findings, 30 recommendations and poses eight questions. It concludes that the current system is generally sound and provides flexibility to local government to apply a range of funding tools. It also found that there is generally no evidence that rates have become less affordable over time. The Commission therefore does not recommend a dramatic change, but makes a number of suggestions to address key cost pressures.

A high level summary of key findings is provided below:

- Many councils could make better use of existing tools available.
- Council decision making and performance should be more transparent.
- All councils should have an independently chaired assurance (audit and risk) committee.

- Long Term Plan requirements should be clarified and simplified and reporting requirements should be reviewed at a 'first principles' basis, especially those elements relating to financial and non-financial disclosures.
- The Commission recommends funding decisions should be based on the principle that the beneficiary pays with ability to pay being a secondary consideration – it recommends changes to rating powers to emphasise the 'benefit' principle.
- Central government should contribute funding where local services benefit national interests.
- There should be a strong preference for user charges and / or targeted rates to fund services where it is efficient to do so.
- Replacing the rates rebate scheme with a national rates postponement scheme.
- Identifies four areas where new funding tools are needed: infrastructure to support growth; adapting to climate change; tourism growth and the accumulation of responsibilities devolved from central to local government.
- In relation to infrastructure and growth recommended tools include:
 - i. Value capture, whereby gains in property value due to infrastructure improvement would be subject to a charge.
 - ii. User charges / levies for road congestion and volumetric wastewater.
 - iii. Special purpose vehicles (a financing option for new development) for councils approaching debt limits.
 - iv. Potentially: a funding stream from central government to councils based on the amount of new building work and a tax on vacant land (to act as incentives to facilitate growth and improve housing supply).
- Central government should take the lead on climate change adaptation by providing science / data, develop and set standards and legal guidance. Legal frameworks should also shift from response and recovery to reducing risks.
- The role of the NZ transport Agency should expand to co-funding local roading to address climate change effects.
- The government create a climate change resilience agency and associated fund to assist at-risk councils manage at-risk infrastructure.
- Amend the law to enable councils to implement accommodation levies in tourist hotspots and allocate funds from the international visitor levy to smaller councils where user charges or levies are not viable.
- To address the accumulation of unfunded central government mandates / responsibilities, central and local government jointly develop a 'partners in regulation' protocol (to ensure proposals that rely on local government are workable, efficient and effective).
- A new regulatory regime for the three waters including a central regulator.

Staff are still assessing the draft report and hope to have a draft submission by the date of the council meeting. A summary of suggested submission points is provided below:

- Agree with the findings that the current rating based system has been generally fit for purpose given rates have been kept affordable (for the most part). In our view this is largely due to prudence at a governance level but future pressures (especially climate change, infrastructure, tourism and increasing central government expectations) require new tools.

- Strongly agree that unfunded central government mandates / responsibilities allocated to local government are a significant cost pressure – this includes responsibilities arising through poorly resourced treaty settlement arrangements, higher standards and new regulatory requirements being imposed. Council supports the proposal for better central government resourcing for these devolved responsibilities and the suggested ‘partners in regulation’ protocol.
- Support for simplification of LTP reporting requirements, but oppose a change to a five year LTP cycle given the poor fit with the triennial election cycle.
- While we understand the desire for greater emphasis on ‘beneficiary pays’ principle in funding decisions, there is potential for this to disadvantage fixed / low income ratepayers if ability to pay is not also afforded significant weight, especially in areas of deprivation with a real need for new / upgraded infrastructure – however ‘affordability / inability to pay’ should not be seen as justification for inaction on such work.
- Oppose removal of the cap on general charges on the basis this could be over-used in some areas and disadvantage those on low / fixed incomes. We also note the report states most councils are below the current 30% cap.
- Oppose the removal of rating differentials and UAGC given the dramatic impact this could have for some councils and that targeted rates are not necessarily an appropriate alternative.
- Support new tools for funding tourism related impacts.
- Support for replacing the rates rebate scheme with a nationally administered rates postponement scheme (provided benefits for recipients and efficiency improves).
- Support for central government and NZ Transport Agency funding climate change adaptation and provision consistent data / science and guidance.

The above is not exhaustive and additional points are likely to emerge as staff investigate the report in more detail. It is hoped that a draft submission can be circulated to councillors prior to the council meeting.

It is recommended that the draft submission be approved by the Chief Executive under delegated authority given the tight timeframes.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Council does not lodge a submission on the report	No demand on staff or councillors’ time.	The Commission does not have access to the council’s concerns / suggestions and Northland perspectives are not considered in the final report.
2	Council lodges a submission on the report	The Commission does not have access to the council’s concerns /	Demand on staff or councillors’ time.

		suggestions and Northland perspectives are not considered in the final report.	
--	--	--	--

The staff's recommended option is Option 2.

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. In addition, lodging a submission does not commit council to any resourcing or particular course of action.

3. Policy, risk management and legislative compliance

The decision does not trigger any policy or legislative requirements being a submission on a draft report with no regulatory implications or risks.

Further considerations

Being a purely administrative matter relating to a submission on a draft Productivity Commission report, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not considered applicable.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 14 August 2019

TITLE: Environment Fund Over-allocation

ID: A1227954

From: Lorna Douglas, Eastern Coast Manager

Executive summary/Whakarāpopototanga

This report requests approval of an over allocation of 20% of the Environment Fund budget to ensure withdrawals and underspends are accounted for to enable full use of available budget and provide delegated authority for the council chairperson to approve up to 100% Environment Fund grants for Top 150 wetlands and dune lakes.

Recommendation(s)

1. That the report 'Environment Fund Over-allocation' by Lorna Douglas, Eastern Coast Land Manager and dated 8 August 2019, be received.
2. That for 2019/20 council approves an over-allocation of the Land/Biodiversity component of the Environment Fund budget (\$941.4 K) by up to 20% (\$188.3 K).
3. That council amends the current Environment Fund criteria to allow the council chairperson to approve up to 100% funding for Top 150 wetlands and dune lakes projects.

Background/Tuhinga

Landowner awareness of new regional plan rules and the availability of the Environment Fund is growing. Environment Fund processes are being streamlined in the 2019/20 financial year to ensure more consistent and fair allocation of resources. New ranking criteria have been developed, with approval based on ranking scores.

The land/biodiversity budget for the Environment Fund is \$941.4K in the 2019/20 financial year and this is likely to be over-subscribed. The final reconciliation of the 2018/19 Environment Fund showed underspends and withdrawals of \$210,557.00 which equated to 25% of the total 2018/19 budget.

Withdrawals and underspends happen for a variety of reasons (for example weather issues, individual personal circumstances changing, lack of fencing contractors, changing farming priorities during the year) and are difficult to manage.

An analysis of reasons for the 2018/19 year withdrawals shows approximately half were because of a lack of commitment to the project (see table below).

Reason	%
Lack of commitment / communication	52
Other farming priorities (e.g. <i>M. bovis</i> , forestry harvest, lack of \$, farm ownership problems)	24
Death/illness/family issues	10
Sold the property	8
Mechanical breakdown	6

The land team is working to address the lack of landowner commitment by streamlining our processes. In future:

1. Grant applications won't be started until FEPs are completed and discussed with landowners and priority actions agreed.
2. There will be improved communication with landowners about the processes, including a "2-strike" rule of limiting future applications for landowners who have previously withdrawn without good cause.
3. Allowing more applications by previous recipients with a good completion track record should also reduce withdrawals and enable more environmental improvement work to be completed.

However, these efforts won't affect situations where withdrawals and underspends are the result of situations beyond the control of landowners. There is a reasonably high transaction cost of incomplete grants which the measures above will help to mitigate.

Accordingly, this paper requests an Environment Fund over-allocation of 20% (\$188.3 K) of the 2019/20 Environment Fund land/biodiversity budget. A 20% over-allocation represents a five-year average of underspends and withdrawals (the financial considerations section in this report describe why a 20% over-allocation is considered preferable to 25%).

A 20% over-allocation would raise the amount of the land and biodiversity component of the Environment Fund available to allocate from \$941.4K to a total of \$1,129.7M. In addition to this, processes, as described above, will be implemented to attempt to reduce the number of landowners withdrawing and underspending their allotted Environment Fund applications.

Amending delegated authority criteria

Focus on improving protection of Top 150 wetlands and dune lakes has increased over the past few years. Recently it has become obvious that staff working with landowners and relevant catchment groups sometimes need more flexibility to help fund key projects for those valuable ecological situations than the current Environment Fund criteria allow.

Current criteria:

Top 150 wetlands and dune lakes	50% funding via DA or up to 100% with council approval
--	--

It would remove unnecessary time constraints and streamline funding processes if grant approval for up to 100% for dune lakes and Top 150 wetlands were included within the delegated authority processes via the council chairperson and Eastern Coast Land Manager.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Provide an over allocation based on 20 % of total 2019/2020 land/biodiversity Environment Fund budget.	Ensures greater utilisation of the Environment Fund budget by reducing the impact of withdrawals and underspends and	If withdrawals and underspends are less than 20 % then there will be an unfavourable variation to year end budget.

	Authorise decision making for up to 100% funding of Top 150 wetland and dunes lakes to the delegated authority process.	ensures more work is done to improve water quality and biodiversity outcomes.	Decision making for up to 100% funding of Top 150 wetlands and dune lakes is not made by full council.
2	Decline the 20% over allocation and decision making for up to 100% funding of Top 150 wetland and dunes lakes to the delegated authority process.	None in terms of allocation. Full council decision making for up to 100% funding.	The withdrawals and underspends mean that the total Environment Fund budget is not utilised at the end of the financial year and less work is done to improve water quality and biodiversity outcomes.

The staff's recommended option is Option 1.

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 has previously been consulted on and provided for in council's Long Term Plan and/or 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, risk management and legislative compliance

The activities detailed in this report are in accordance with council's 2018–28 Long Term Plan which was approved in accordance with council's decision-making requirements of sections 76–82 of the Local Government Act 2002.

The primary risk that we aim to mitigate is the underutilisation of the Environment Fund budget caused by underspends and withdrawals. There is also a financial risk, and this is outlined under consideration 6 below.

Further considerations

4. Community views

Being a purely administrative matter, community views are not applicable.

5. Māori impact statement

Being a purely administrative matter, Māori impact statement is not applicable.

6. Financial implications

There is the potential of an unfavourable variation to year end budget if withdrawn or underspent projects are less than the recommended over-allocation of 20%.

The following table demonstrates different scenarios and their financial implications.

No.	Scenario	Situation	Financial implication
1	Current scenario	No additional over-allocation of budget is authorised.	The Environment Fund budget is underspent due to withdrawals and underspends. If this were 20% of the land/biodiversity Environment Fund budget, this would result in a favourable variation of \$188.3K.
2	Worst case	20% additional budget is allocated to account for withdrawals or underspends, but no withdrawals or underspends occur.	\$188.3K unfavourable variation to land/biodiversity Environment Fund budget.
3	Most likely scenario	Based on the five-year average of 20% of underspends and withdrawals, it is likely that close to 20% of the total budget will be withdrawn or underspent.	Limited variation to budget. For example, a 5% variance to the land/biodiversity Environment Fund budget would be \$47K.

If an unfavourable variance to budget occurs, then this would need to be serviced from any potential year end surplus or subsequent years' Environment Fund (that is any overspend will go against an Environment Fund reserve to be repaid in the following year from the Environment Fund budget). However, the 20 % five-year average for underspends and withdrawals indicates that a substantial unfavourable variance to budget is unlikely.

7. Implementation issues

Being a purely administrative matter implementation issues are not applicable.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Bruce Howse
Title: Group Manager - Environmental Services
Date: 08 August 2019

TITLE: Initial Restructure of Managed Funds

ID: A1228715

From: Dave Tams, Group Manager, Corporate Excellence

Executive summary/Whakarāpopototanga

This paper sets out the proposal to restructure the managed funds into the long term and the short term fund.

Recommendation(s)

1. That the report 'Initial Restructure of Managed Funds' by Dave Tams, Group Manager, Corporate Excellence and dated 12 August 2019, be received.
2. That the managed funds be restructured into the Long Term fund and Short Term fund as per the advice from Eriksen and Associates.
3. That council, post the 2019 elections, workshop with Eriksen and Associates the fund manager choices.

Background/Tuhinga

The Investment Subcommittee has been evaluating the performance of the managed funds portfolio. It is recommended that the four funds, Community Investment fund, Property Reinvestment fund, Infrastructure fund, and Short term investment fund be combined into two funds, the Long Term fund and the Short Term fund. This should have the effect of reducing fees.

Attachment one is a single Statement of Investment Policy & Objectives (SIPO) outlining the structure of the funds.

Attachment two provides a detailed breakdown of the funds by fund manager, proposed by Eriksen and Associates. This is the initial structure, and post the 2019 elections the new council are to workshop the funds structure and fund managers in line with their risk/reward framework.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Do not restructure funds	<ul style="list-style-type: none">Funds structure constant.	<ul style="list-style-type: none">Will not benefit from reduced fees.Certain funds duplicated across the portfolio.
2	Restructure funds as proposed	<ul style="list-style-type: none">Funds structure simpler.Potentially reduces fees.	<ul style="list-style-type: none">None.

The staff's recommended option is 2.

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.

3. Policy, risk management and legislative compliance

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

Attachments/Ngā tapirihanga

Attachment 1: Statement of Investment Policy and Objectives (SIPO) draft [↓](#)

Attachment 2: Eriksen - NRC Investment Strategy Review [↓](#)

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 14 August 2019



STATEMENT OF INVESTMENT POLICY & OBJECTIVES (SIPO) NORTHLAND REGIONAL COUNCIL INVESTMENT FUND



EFFECTIVE DATE THIS SIPO TAKES EFFECT FROM 1ST APRIL 2019
THE SCHEDULED DATE OF THE NEXT FORMAL SIPO REVIEW IS APRIL 2020
NORTH LAND REGIONAL COUNCIL

Contents

1. Introduction -----	Pg. 2
2. Management of Investment Performance-----	Pg. 3
3. Investment Beliefs -----	Pg. 3 & 4
4. Return, Risk and Liquidity -----	Pg. 4
5. Risk-----	Pg. 4 & 5
6. Horizon-----	Pg. 5
7. Conflicts of Interest -----	Pg. 5
8. Environmental Social and Governance Policies-----	Pg. 5
9. Governance -----	Pg. 6 & 7
10. Investment Policies -----	Pg. 8-11

1. INTRODUCTION

This Statement of Investment Policy and Objectives ("SIPO") directs the investments of the Northland Regional Council's Investment Fund (hereafter known as "the Fund"), as determined by the Council, in accordance with the Fund's purposes – which are to promote business development in Northland and stabilize the impact of large irregular infrastructure projects on the Council's income and capital requirements.

The SIPO is the key written document setting out the expectations, principles and goals the Council have regarding the investment of the Fund's assets, and helps ensure effective communication between the relevant stakeholders.

The Fund has arisen from two sources

The Community Investment Fund which arose from the sale of Port Company shares in 1992. It was established in March 1996 with the goal of promoting business development in Northland.

The Infrastructure Investment Fund which was created to stabilise the impact of large irregular infrastructure projects on the Council's income and capital requirements; and help spread the costs of such projects. It was also intended to provide more flexibility around when such large capital-intensive projects could commence.

For internal purposes Council will split the Fund into long term and short-term portions each with its distinct liquidity requirement and risk tolerances; those factors will underpin the investment return targets for each portion of the Fund and be reflected in the target allocations across cash, income and growth assets for each of the two portions.

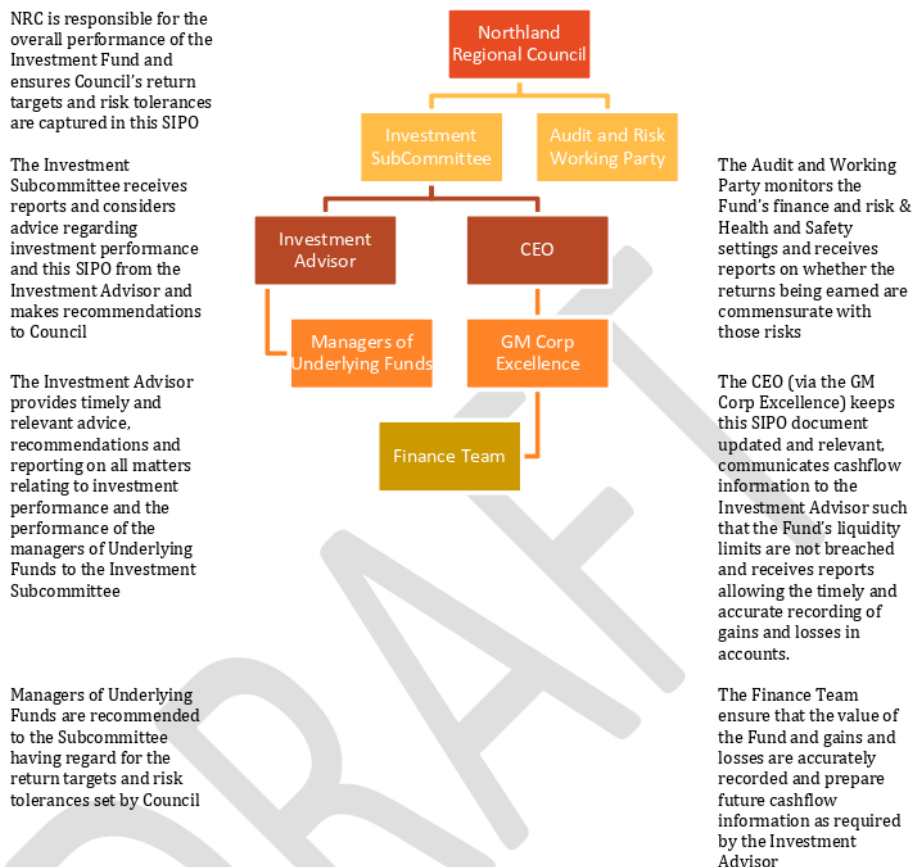
Monies that will be used in a 12-month timeframe or where there are known cash flow requirements beyond this, will be deposited in the short term fund.

Monies that will not need to be utilized within the 12 months will be placed into the Long Term Fund.

The criteria for which fund to use is therefore a factor of certainty of cash flow requirements and time frame for investment.

Council invests the Fund based on advice from its Investment Advisor in managed funds ('underlying funds') to achieve its return objectives and meet its liquidity requirements within the Council's risk tolerances and at a cost that represents value-for-money for the ratepayer.

2 MANAGEMENT OF INVESTMENT PERFORMANCE



3 INVESTMENT BELIEFS

- A clear governance structure promotes accountability and improved returns.
- Risk and return are strongly related; Council must be able to answer the question “for the risks being taken, have returns been acceptable?”
- Within any given risk limit, long term investments will out-perform short term investments. i.e. over more than one market cycle (typically, 7-10 years)
- Ethically based investments will yield similar returns (or better) than non-ethically based investments. As a responsible investor Council believes that social, environmental and governance factors are important for long term returns.

- Markets, over long horizons, operate in a largely predictable way and therefore the market signals and other information any manager uses to derive better-than-market investment returns ('alpha') are commoditised over time. Substantial long term alpha is very unlikely and too risky to pursue. Moderate alpha is possible by changing management styles and the sets of signals and information used to allocate investments; Council accepts this approach to allocations incurs fees and other costs

4. RETURN, RISKS and LIQUIDITY

The returns for the Fund's investment portfolios will be managed by comparison to the portfolio weighted average of the benchmarks set for each underlying fund by that fund's manager.

Council requires the Long Term portion of the Fund to return 1.5% above that portfolio weighted average of underlying fund benchmarks.

Council requires the Short Term portion of the Fund to return 0.5% above that portfolio weighted average of underlying fund benchmarks.

The overall risk tolerance is low; Council seeks to maximise returns (so that council operations and projects can be funded without over reliance on ratepayers) while minimising the risk of loss of its capital in any 3-year period (which should correspond to the local election cycle) ie unless decided otherwise by Council the Fund value that each new council inherits must be preserved to pass on to the next council plus any un-utilised gains. This stance on risk may entail the 'cashing up' of gains mid cycle to meet the objective of passing on a higher fund value to a future council.

The Long-Term portion of the Fund has low transaction frequency and therefore can earn the return premiums associated with illiquid investments.

The cash outflows associated with the Short-Term portion of the Fund are certain and cannot be jeopardised, all known future cash flows will be communicated regularly to the Investment Advisor who shall make recommendations on allocation changes and transfers between the two portions of the Fund to ensure availability of required cash.

5. RISK

a. The Fund has identified the following non-exhaustive list of major investment risks:

- inflation risk;
- interest rate risk;
- currency risk;
- credit risk;
- financial risk;
- liquidity risk;
- operational risk; and
- market Risk.

- b. Investment risk will be mitigated by appropriate diversification and managed both within and between asset classes and among managers. No single fund manager may hold more than 20% of the Fund.
- c. Not more than 5% of the Fund's assets may be invested in securities related to, or guaranteed by, a single entity without specific consideration & approval by the Council (unless it is a clear guarantee from a nation with a Standard & Poor's {or Moody's / Fitch equivalent} long term rating of at least AA-).
- d. The risk of each investment should be measured separately, as well as how it changes the risk/return characteristics of the Fund overall and reported on quarterly.
- e. The Council have determined the risk tolerances and return outcomes they are most comfortable with. This has allowed any significant divergences in risk tolerance by the Council to be reconciled along with a consistent risk adjusted approach to investment decisions.
- f. Council accepts that despite risk management the Fund's capital and income returns may fluctuate, and this may impact the level of income that is available for distributions and project funding. Recipients of distributions and project funding will therefore be subject to investment risk.
- g. For the purposes of the following constraints regarding derivatives, "Portfolio" is taken to mean an Underlying Fund under the management of an individual Manager. Each Manager is entitled to make use of derivative contracts to protect the capital value of portfolios and gain exposure to appropriate markets. Each Manager is entitled to make use of derivative contracts to reduce transaction cost and improve liquidity by using derivative contracts to take a position which would otherwise have been taken by buying or selling physical stock.

6. HORIZON

The performance of the Fund overall will be assessed over a rolling seven-year time horizon. Council also has a three-year political cycle and each Council will strive to increase the returns on investment to each incoming Council.

7. CONFLICTS OF INTEREST

Council has a conflicts of interest policy applicable to councillors, staff and advisors to council. All conflicts, potential or real, must be declared and recorded, as soon as possible.

8. ENVIROMENTAL, SOCIAL AND GOVERNANCE POLICIES

Council holds financial assets on behalf of the community- Accordingly investing ethically and responsibly is an important issue. Council doesn't wish to hold Investments in,

- Fossil Fuels
- Alcohol
- Tobacco
- Gambling
- Military Weapons
- Civilian firearms
- Nuclear power
- Adult Entertainment

9. GOVERNANCE

Governance will set the investment objectives for the fund, risk tolerance, authorities and responsibilities. These will be monitored quarterly.

a. The **Council** will be responsible for the following:

- Taking decisions on investment strategy, having regard to the overall circumstances of the Fund, and complying with all applicable legislative requirements.
- Putting in place appropriate governance, management structures and processes in line with the Fund given both the types of investment assets under management, and adherence to good practice.
- Reviewing and approving this SIPO, including the instructions to the Managers and Investment Consultant.
- Determining the appropriate number of managers, and selecting and changing those managers as appropriate on the advice of the Investment Consultant.
- Approving relevant internal and external benchmarks for assessing financial/investment performance.
- Periodic assessment of whether the Council's Conflicts of Interest Policy has been met (e.g. staff and Councilors' trading on their personal account, identification and management of related party investments).

b. The **Investment Subcommittee** will be responsible for the following:

- Provide oversight and assistance to the Council on investment activities within the established limits of this SIPO, ensuring external accountabilities and responsibilities are fulfilled.
- Make recommendations to the Council on investment matters in conjunction with the advice of the Investment Consultant.

c. The **Investment Advisor** will be responsible for providing the following services:

- Review this SIPO at least once each calendar year or sooner if there is a material change in the Fund's circumstances.
- Monthly Fund performance review and monitoring against agreed targets in respect of the Fund's investible assets as well provision of an economic and investment market commentary. The principal goals of performance monitoring are to:
- Assess the extent to which the Fund's investment objectives are being achieved. Allow the Council to continually assess the ability of each Manager to successfully meet the Fund's objectives.

- Monitor Managers' performance quarterly with a view to an annual evaluation of Rolling three-year results.
- Review Managers' roles on a regular basis. Factors considered in these reviews will include investment style, resources, organisational strength, investment performance relative to objectives, and any other factors considered relevant to the Managers' continuing ability to meet the applicable investment objective.
- Provide quarterly reporting in a format agreed between the Investment Advisor and the Investment Subcommittee.
- Provide information on socially responsible investment issues in the Fund on a timely basis after 30 June and 31 December each year, subject to receiving information from the relevant Managers.
- Undertaking such other actions as may be agreed with the Fund from time to time, including recommending rebalancing to take into account market movements or cash flow requirements.
- Each Underlying Fund **Manager** will be responsible for the following:
 - Managing its portion of the Fund's investments in accordance with the investment management agreements and/or governing documents referred to in the application form(s).
 - Selecting securities within each asset class, subject to the constraints imposed in relevant fund documentation and in any applicable legislation.
 - Managers must notify the Investment Advisor (and through the Investment Advisor, the Investment Subcommittee) promptly of the reasons for any significant deviation to their mandate and the date or dates of the deviation occurring.
 - Supplying to the Council and Investment Advisor any reports of the Underlying Fund's performance in advance of the Investment Subcommittee's regular meetings and at the Council's request, participating in those meetings to review the written reports. The reports shall contain such information and in such format as agreed with the Council, but must contain sufficient information to enable the annual accounts compiled and any necessary tax calculations to be undertaken.
- Participating, when required by the Investment Advisor, in the annual review of this SIPO
- Ethically based investments will yield similar returns (or better) than non-ethically based investments.
- Markets, over long horizons, operate in a largely predictable way. Therefore exceeding the long term average therefore difficult and carries more inherent risk
- Diversification across asset classes and fund managers will reduce risk.

10. INVESTMENT POLICIES

Currency Hedging

Council will not hedge funds.

Underlying Fund Managers may at their discretion hedge foreign currency denominated investments back to the New Zealand dollar.

Rebalancing

The asset allocation of the funds will be monitored on a monthly basis by council's Investment advisors. The Investment Advisor is required to provide timely advice to the Investment Subcommittee where funds are within 5% of the maximum of their range.

11. FEES

Returns shown in monthly/quarterly reporting to Council should be after fees and taxes. Any commissions paid by fund managers must be declared to Council

SCHEDULE 1 SHORT TERM FUND

The Fund was derived by consolidating the Property Reinvestment Fund and Infrastructure Investment Fund, Short term investment Fund.

Target Returns and Risk Tolerance

Because the cash requirements from this portion of the Fund cannot be put at risk, Council does not permit asset allocations that put the chance of a negative return in any year at more than once in years and accordingly sets a return target of 2% above the New Zealand Official Cash Rate ('OCR').

Benchmark Asset Allocations and Range

Asset Class	Benchmark Asset Allocations	Range
NZ Fixed Interest	35%	0-50%
International Fixed Interest	45%	0-50%
Total Income Assets	80%	
Australasian Equities	20%	0-20%
International Equities	0%	0%
Total Growth Assets	20%	

Fund Managers and Underlying Fund Benchmarks (to comprise the portfolio weighted average return)

Manager	Fund	Benchmark (p.a.)
Castle Point	5 Oceans	NZ CPI + 3%
Harbour	Income	NZ OCR + 3.5%
Milford	Diversified Income	NZ OCR + 2.5%
Mint	Diversified Income	NZ CPI + 3%
Mint	Trans-Tasman Equities	S&P /NZX 50 Index
QuayStreet	Income	NZ OCR + plus 2%
Milford	Active Growth	10%

Note: These objectives were correct as at the date of this SIPO, but are subject to be changed without notice by Underlying Fund Managers.

SCHEDULE 2 LONG TERM FUND

The Fund was derived by consolidating the Community Investment Fund and Infrastructure Investment Fund.

Target Returns and Risk Tolerance

Being long term (>20years), this portion of the fund can tolerate some risk and in doing so earn higher returns. Council allows asset allocations that put the chance of a negative return in any year at once in 7 years and accordingly sets a real return target of 6% after assuming inflation of 2.5%.

Benchmark Asset Allocations and Range

Asset Class	Benchmark Asset Allocations	Range
Cash & Cash Equivalents	5%	0-40%
NZ Fixed Interest	45%	25-65%
International Fixed Interest	0%	0%
Total Income Assets	50%	25-75%
Australasian Equities	25%	15-35%
Australian Private Equities	5%	0-10%
International Equities	20%	10-30%
Total Growth Assets	50%	25-75%

Fund Managers and Underlying Fund Benchmarks (to comprise the portfolio weighted average benchmark)

Manager	Fund	Objective (p.a.)
Aspiring	Aspiring Fund	NZ CPI + 4%
Blackrock	Fixed Income Global Opportunities	Bloomberg AusBond Bank Bill Index plus 4%
Castle Point	5 Oceans	NZ OCR + 3%
Continuity Capital	PE Fund No.2 LP	15%
Continuity Capital	PE Fund No.4 LP	15%
Harbour	Income	NZ OCR + 3.5%
Milford	Active Growth	10%
Milford	Diversified Income	NZ OCR + 2.5%
Mint	Diversified Income	NZ CPI + 3%

Mint	Diversified Growth	CPI + 4.5%
MLC	PE II	15%
Pioneer Capital	III	8%
Salt	Long Short	NZ OCR + 5%
Schroder	Real Return Fund CPI + 5%	Australian CPI (Trimmed Mean) + 5%
T. Rowe Price	Global Equity Growth	MSCI All Country World Index

Note: These objectives were correct as at the date of this SIPO, but are subject to be changed without notice by Managers.

DRAFT

ERIKSENSGLOBAL

Actuaries & Investment Strategists

NORTHLAND REGIONAL COUNCIL

INVESTMENT STRATEGY REVIEW

31 JULY 2019

ERIKSENSGLOBAL.com

Auckland

443 Lake Road Takapuna
PO Box 33-1318 Takapuna 0740
p: +64 9 486 3144
auckland@eriksensglobal.com

Wellington

Level 9, 111 The Terrace
PO Box 10-105 Wellington 6143
p: +64 4 470 6144
wellington@eriksensglobal.com

Northland Regional Council
Investment Strategy Review

INVESTMENT STRATEGY REVIEW

Central Banks around the world are now synchronised (with the exception of the Norwegian central bank increasing rates). The major Central Banks meet regularly and their “independent” policies are tending to become the same old, same old. As a result, the low cash rates are likely to remain in place for several years.

Stock markets are at record highs but interest rates are at record lows. The US has stopped tightening and has slowed its balance sheet shrinking. This increases the risk of a sharp market correction, hopefully more like that of the fourth quarter of 2018 rather than the global financial crisis of 2007/8. Most investors are not concerned about the relative value of bonds and equities. Passive investors just buy the index or ETF. Equity managers concentrate on equities, bond managers on bonds.

Most balanced funds have fairly established benchmark weightings of bonds and equities with fairly narrow ranges. Those that vary the asset allocations tend to use rolling average correlations over the last five years to build their efficient frontier models. These are known as strategic asset allocation balanced funds. However, during the global financial crisis and again in Q4 2018 correlation between asset classes increased except for cash.

The experience of 2018 and the current high level of equity markets, low interest rates and geopolitical risks such as trade wars etc strongly suggests heightened volatility going forward and the potential for market corrections.

The investment risks are typified by what happened in late August/September 2018 where liquidity began to dry up causing increased selling of US Treasury bonds pushing the 10-year Treasury yield to 3.26%. In the subsequent correction investors generally sold shares and bought bonds. Share markets fell between 18% NASDAQ and 5% NZX50 in the quarter.

A significant factor contributing to the increased volatility is pressure from regulators on behalf of consumers for financial service providers to reduce costs and fees. One consequence of this is the proliferation of passive products through ETFs which simply buy an index weight of specific stocks or other assets. This has led to most markets being driven by growth stocks and momentum where more expensive stocks get bid up in price merely from being a larger weight of the index.

Another favoured approach is higher dividend paying stocks, typical in the Australian and New Zealand stock markets in the banking and gentailer (utilities) space. In May, June and July there was a general view by Central Banks to continue the risk off approach especially in Australia and New Zealand. The Reserve Bank of New Zealand explicitly went to an easing bias and cut the cash rate to 1.5%; the Reserve Bank of Australia made two consecutive cuts of 0.25% in June and July to move their cash rate to 1%.

There is now more debt in the global economy than there was before the GFC in 2007. Back then most was in the private sector. Now most is in the public sector on the books of Governments and Central Banks. Of the over 33 trillion of debt 13 trillion is paying a negative interest rate.

Northland Regional Council
Investment Strategy Review

This means that Governments are having to collect more tax to service their debts. It also means that if they provide tax cuts their debt levels must increase as in the USA. This puts more political pressure on Central Banks not to raise interest rates because otherwise the cost of servicing all this Government debt would rise even further.

The cash rate cuts and more dovish outlook in recent months suggest that the Central Banks are more concerned about the risks of further stock market corrections and slowing economies. It also means that when the next correction occurs, they cannot provide a buffer by lowering interest rates the way they succeeded in reversing the GFC in 2008/9 and December 2018's correction.

These reductions in interest rates or the talk of them has actually pushed stock markets higher and flattened yield curves so that the 30-year US Treasury yield at 2.6% is only marginally higher than the Federal Reserve cash rate of 2.5% (this is pre the 31st July FOMC meeting).

To combat the challenges faced in this market environment in years to come we suggest changing the asset allocation as set out in the tables on the following page.

The Long Term Investment Fund essentially combines the funds within the CIF and IIF, whilst the Short Term Investment Fund combines the funds within the PRF and STF.

Furthermore, we recommend shifting \$5 million of the PRF into the Long Term Investment Fund where this will not be needed immediately for future property projects.

Northland Regional Council
Investment Strategy Review

LONG TERM INVESTMENT FUND

Long Term Investment Fund	Benchmark	Target Ranges
	%	%
Growth Assets	60	50 - 70
Diversified Growth	50	40 - 60
Aspiring	10	5 - 15
Castle Point 5 Oceans	10	5 - 15
Milford Active Growth	10	5 - 15
Mint Diversified Growth	5	0 - 10
Salt Long Short	5	0 - 10
Schroders Real Return Fund + 5%	5	0 - 10
T. Rowe Price Global Equity Growth	5	0 - 10
Private Equity	10	0 - 20
Continuity Capital PE Fund No.2 LP	2.5	0 - 5
Continuity Capital PE Fund No.4 LP	2.5	0 - 5
MLC PE II	2.5	0 - 5
PCP III	2.5	0 - 5
Income Assets	40	30 - 50
Diversified Income	40	30 - 50
BlackRock FIGO	5	0 - 10
Harbour Income	10	0 - 15
Milford Diversified Income	15	0 - 20
Mint Diversified Income	10	0 - 15
Cash	0	0 - 5
Self-Managed	0	0 - 5

SHORT TERM INVESTMENT FUND

Short Term Investment Fund	Benchmark	Target Ranges
	%	%
Growth Assets	20	30 - 50
Diversified Growth	20	30 - 50
Castle Point 5 Oceans	10	0 - 20
Milford Active Growth	10	0 - 20
Income Assets	80	50 - 70
Diversified Income	80	50 - 70
Harbour Income	20	0 - 30
Milford Diversified Income	20	0 - 30
Mint Diversified Income	20	0 - 30
QuayStreet Income	20	0 - 30
Cash	0	0 - 5
Self-Managed	0	0 - 5

TITLE: Chair's Report to Council

ID: A1228589

From: Bill Shepherd, Chairman

Purpose of Report

This report is to receive information from the Chair on meetings/events attended, and correspondence sent for the month of July 2019.

Recommendation

That the report 'Chair's Report to Council' by Bill Shepherd, Chairman and dated 12 August 2019, be received.

Meetings/events attended

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

- Meetings attended with the council's CEO, Malcolm Nicolson:
 - Murray Jagger, Chair, Marsden Maritime Holdings – MMH director appointments.
 - Regional Sector Group tour. Our partners and Councillor Paul Dimery also participated in the RSG tour.
 - LGNZ Conference – Councillors Paul Dimery and Mike Finlayson also attended the conference.
 - Attended The New Zealand – Aotearoa Government Tourism Strategy Guidelines for Destination Management and Planning.
 - Visit by Hon Eugenie Sage, Minister of Conservation at Ngatiwai Trust office - Mimiwhangata Marine Protection.
 - Attended signing of Memorandum of Understanding with Auckland University of Technology to formalise relationship with Bream Head Conservation Trust. Hon Eugenie Sage, Minister of Conservation, was also in attendance.
 - Preparation hui for visit from Hon Nanaia Mahuta, Minister of Local Government, with Mayors and CEOs from Whangarei District Council, Far North District Council, and Kaipara District Council.
 - Meeting with Mike Fuge, CEO, and Greg McNeill, Communications and External Affairs Manager, Refining NZ – update on refinery activities.
- Regular Northland Mayoral Forum conference call.
- Public meeting with Hon Kelvin Davis and Hon Grant Robertson – budget outcomes for the Te Tai Tokerau Electorate.
- Enable Northland Networking Event organised by Northpower.
- Meeting with Steve MacMillan, Public Affairs Manager, Northpower.
- Extension 350 update meeting with Vaughan Cooper and Luke Beehre, Northland Inc.

Correspondence

During July I sent out the following correspondence:

Date	Addressed To	Subject
24.07.19	Mike Howard Mangawhai Golf Club	Letter of support – Application to the Provincial Growth Fund
25.07.19	Sarah Petersen Chair Northland Inc. Ltd	Northland Inc. Ltd Statement of Intent 2019–2022

Attachments/Ngā tapirihanga

Nil

TITLE: Chief Executive's Report to Council

ID: A1221518

From: Malcolm Nicolson, Chief Executive Officer

Recommendation

That the report 'Chief Executive's Report to Council' by Malcolm Nicolson, Chief Executive Officer and dated 31 July 2019, be received.

7.2.1 HIGHLIGHTS

Planting Days

Numerous planting days were held in school communities throughout Northland in July and formed part of council's planting campaign. Some include: Mangakahia Area School planted on Pamu's Titoki Station and Riverview School on Kapiro Station (Kerikeri).



Students from Kokopu School take part in a planting day



Council staff planting the Waiarohia awa as part of the Matariki Tu Rakau planting

These days also included water quality education provided by council's monitoring staff. Kokopu, Poroti and Maungatapere schools planted on a Mangere catchment property and Ruawai College planted up a local wetland in conjunction with council's Land Management staff. Council staff joined Whangārei Intermediate's planting of the Waiarohia awa.

Northland LiDAR Capture

We are extremely pleased to report that the LiDAR capture phase is now 100% complete – this includes the mainland and all outlying islands. Processing is well underway. RPS has provided a newly formatted progress report for processing of deliverables, which currently stands at around 34%. Council is liaising with Land Information New Zealand to finalise dates for the QA/QC workshop (key contract hold-point). The date for final deliverables is late September.

Climate Change Response

An internal steering group has been set up to coordinate activities relating to climate change, both adaptation and mitigation. The group's work will include identifying opportunities and aligning existing projects that help the region adapt to the predicted impacts of climate change; and developing resourcing, funding and research priorities to inform funding proposals for the 2021-31 LTP. The group will also consider how council can reduce its organisational carbon footprint as well as support actions in Northland to reduce carbon emissions.

Northland Regional Council is a lead contributor to the Te Taitokerau Council's Climate Change Adaptation Group. The group is currently developing a regional adaptation strategy framework and

associated risk and vulnerability assessments, which will help identify at risk elements and areas across Northland and common approaches for risk management. The strategy will feed directly into LTP planning to ensure funding for adaptation work programmes is prioritised to the highest climate-risks across the region. The group is also developing a communications and Māori and community engagement plan.

Sea level rise due to climate change will impact communities across Northland and having accurate coastal hazards mapping is vital. Once the new LiDAR data has been delivered, we will undertake new coastal hazard mapping, and this will likely include a defining new extreme sea level rise scenario as per the 2017 MfE guidance. We are currently engaging with stakeholders across the region to get feedback on this process and are developing the RFP for this work with the aim of delivery mid-2020.

7.2.2 CEO'S OFFICE

Council Property Update

A Sale and Purchase Agreement to purchase a Waipapa property has settled.

The Tender Committee considering tenders for the Head Contractor for the redevelopment at 8 Kensington Avenue has met.

Current Legal Proceedings

Department	Description	Status
Consent decision appeal	Seventeen groundwater takes for horticultural irrigation at Houhora, Motutangi, and Waiharara	Awaiting the Court to make a final decision or provide further directions.
Consent decision appeal	Replacement consents for, and new consents for an expansion of, Doug's Opua Boat Yard in Walls Bay, Ōpua.	The Court has issued an interim decision stating that it can grant consents once conditions have been agreed to. A timetable has been set down for the exchange of conditions, with the applicant to provide a draft set to all parties for comment within 30 working days.

7.2.3 CORPORATE EXCELLENCE

Enterprise System

A consultant has been engaged to assist with the preparation of the detailed business case and evaluation of options and is scheduled for completion in mid-November.

Cyber Security

Council recently engaged Deloitte to undertake a cyber governance maturity assessment. The draft report has been provided for review and indicated some areas where work is required to increase council's level of cyber governance.

Fraud Declaration

I am not aware of any fraud nor am I investigating any incidence or suspected incidence of fraud at this time.

7.2.4 REGULATORY SERVICES

CONSENTS IN PROCESS

During July 2019, a total of 56 decisions were issued. These decisions comprised:

• Moorings	1
• Coastal Permits	12
• Air Discharge Permits	0
• Land Discharge Permits	7
• Water Discharge Permits	5
• Land Use Consents	24
• Water Permits	2
• Bore Consents	5

The processing timeframes for the July 2019 consents ranged from:

- 126 to 4 calendar days, with the median time being 28 days;
- 83 to 2 working days, with the median time being 20 days.

Thirty applications were received in July 2019.

Of the 102 applications in progress at the end of July 2019:

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

Appointment of Hearing Commissioners

No commissioners were appointed in July 2019.

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

The current level of notified application processing activities at the end of July 2019 is (by number):

• Applications Publicly/Limited Notified During Previous Month	0
• Progress on Applications Previously Notified	3
• Hearings and Decisions	4
• Appeals/Objections	2

7.2.5 ENVIRONMENTAL SERVICES

LAND MANAGEMENT

Environment Fund Update

Twenty-two projects (totalling \$119,325) were approved by delegated authority in July, for Hātea, Coastcare and Poutō catchment group projects.

Farm Environment Plans (FEP's)

Nineteen farm plans were completed in July, covering 1,143 ha across Northland.

Hātea Project

Seventeen new Environmental Fund (eFund) grants were approved for the Hātea project, including 3.2km fencing and 12,400 plants. This allocates \$25,700 from council and \$101,000 from the

Ministry for Environment (MfE) fund. Four large planting projects are underway or completed. Further fencing projects (approximately 5km) are currently being scoped.

Ngunguru Catchment Group Meeting

A meeting was held 25 July, with three community/farm representatives attending.

Mangere Catchment Group

Two planting days with local schools (Kokopu and Maungatapere) were held in late July, with 1,300 plants planted.

BIODIVERSITY

CoastCare

Two dune planting days were held at Pataua North with Tahī and Queen Elizabeth II National Trust. These dunes contain the threatened plant *Pimelea villosa* which is in decline. Over the last few years *Ficinia nodosa* (wīwī) has been planted in the mid-dune area to gradually replace the exotic grasses, restoring a more natural dune system and providing some protection to the pimelea.

A working bee was held with Ruakaka Primary and Bream Bay Coastal Care Trust in the Ruakaka wildlife refuge. Exotic species encroaching into the dune area were dug out and replaced with native dune plants wīwī and pīngao.

CoastCare staff attended a Matariki event at Tauranga Bay, organised by Whangaroa Papa Hapū. During the day pīngao were planted on the sandspit to help protect the shorebird nesting area.

Other CoastCare dune planting took place at Otamure and Paraparea, both north of Whananaki.

FIF Dune Lakes Project

The Annual report for Year 2 (FY 2018/19) has been submitted to MfE and the Year 3 Plan has been signed off.

The main output this year are herbicide weed eradication programmes at Lakes Ngatu, Waipārera and Ngakeketo South. The Environmental Protection Authority approved the application for permission to apply Aquathol K over each entire lake, rather than requiring quarter lake treatments. This is the first time that this has been approved in New Zealand and opens the door to more rationalised use of this herbicide.

The community from Ngatu and Waipārera were consulted about the proposed herbicide weed control during an open day at Lake Ngatu. Approximately 25 people attended from the local communities around both lakes and all appeared to be supportive.

Poutō Catchment Group meeting

The Poutō Catchment Group held a meeting on 22 July. Actions included:

- In principle approval of the catchment group funding for this financial year. Projects include support for a community nursery, fencing and plants for lake sides. Working group members to bring back cost estimates to the next meeting for confirmation.
- Two forestry representatives attended the meeting and will provide information on harvest times in order for the catchment group to establish relationships with foresters and discuss set back when any replanting commences. Alan Panckhurst from PF Olsen advised that Te Uri O Hau and the Ministry of Primary Industries have agreed on a 100 m buffer around lakes when replanting occurs, ie. Kahuparere.

Wetland and Biodiversity Advice

Advice was given on four wetland projects, relating to restoration and wetland rules including the Ruakaka Dune Lake, the Ngawha Geothermal Ltd Peer Review Panel, and on Geothermal section of the National Policy Statement for Indigenous Biodiversity (NPSIB).

BIOSECURITY

Biosecurity Highlights

- *NETS Conference (Tauranga)*
 - Four presentations showcasing Northland biosecurity activities were delivered by staff at the NETS conference in Tauranga on 24 - 26 July. The presentations included:
 - Behaviour change in boating communities on marine pests in Northland.
 - Towards inter-regional pathway management – Top of the North Marine Biosecurity Partnership.
 - Unwanted feral deer – time for a national collaboration.
 - Working together to eradicate Manchurian wild rice.
- *Tiakina Whangārei – Communities, Kaitiakitanga, Conservation*
 - Tiakina Whangārei is a community led urban initiative helping people connect with their environment through conservation activities, while supporting existing work, to protect and enhance Whāngārei's native biodiversity.
 - The project was launched during Biosecurity Week (22 – 28 July) and aims to:
 - a) increase community cohesiveness, ecological knowledge, and social wellbeing.
 - b) encourage kaitiakitanga/guardianship of the environment.
 - c) protect and enhance native biodiversity.
 - The initial focus of the project will start with backyard trapping and urban pest control. Tiakina will provide a platform for other initiatives such as urban plant pest control, stream restoration, and other environmental activities.



Biosecurity Threats / Incursions

- *Auckland Fruit Fly Incursions*
 - The Ministry for Primary Industries (MPI) led Queensland Fruit Fly Response is ongoing, with an additional single male fruit fly confirmed on 15 July. This latest find was discovered in a surveillance trap in Northcote and brings the total number of Queensland fruit flies found in the immediate Northcote area to eight. Legal controls on the movement of fruit and vegetables remain in place for Northcote. Following the latest find, there have been no requests from MPI for council staff to assist with the response.
- *Mycoplasma Bovis*
 - The Ministry for Primary Industries led Mycoplasma bovis response continues to target risk properties and animals within Northland. There remain a number of Northland farms under notices of direction and restricted place notices. No council staff are currently involved with the M. bovis response.

Biosecurity Partnerships

- *Kiwi Coast / NRC Partnership – Northland Pest Control Workshop*
 - The Northland Pest Control Wānanga/ Workshop held at Akerama Marae was attended by over 200 keen pest controllers, forest savers, and kiwi kaitiaki. The workshop brought together 73 community and hapū led projects, agencies, and organisations from across Northland. The day was used to learn about new trapping technologies and pest control tools coming on to the market, share skills and knowledge, and network with one another.

- New pest control technologies featured included:
 - Automated bait station developed by Northlander Shane Hyde.
 - Econode Biosecurity Monitoring Tool.
 - Self-resetting AT220 multispecies trap being developed by NZ Autotraps.
- Kiwi Coast, key industries, and council's biosecurity team had information stalls at the workshop, featuring a wide range of pest control products to suit everyone from backyard trappers to projects covering thousands of hectares. More information on the workshop is available at <https://kiwicoast.org.nz/2019-northland-pest-control-wananga-workshop/>
- *Tutukaka High Value Area*
 - Predator Control: The monthly monitoring of trap lines continues. A stoat was caught at the Tutukaka Lighthouse Island reserve – this was very timely given that several grey-faced petrels are currently on their nests in the reserve.
 - Kiwi Monitoring: Kiwi calls were low in the first listening period, but the numbers increased in the second. Anecdotal reports have been received of kiwi calls from a wide area throughout July. The average hourly call count from 2 stations this year is approximately 12 calls per hour.
 - Kauri Dieback: Re-routing of the Te Araroa trail to avoid a vulnerable grove of kauri is almost complete with the new track line established, earthworks completed (terracing and steps), and the posts, gates and rails installed. Signage for directing walkers along the new route will now be requested from the Te Araroa Trust, thereby allowing the new track to be opened and the existing one closed.
 - Weed Control: Site led surveys were completed in Pacific Bay, Snell Point Reserve and Woolley's Bay. A pest plant identification workshop was followed with a field trip with 60 students from year 7 and 8 at Ngunguru School. Tobacco weed, wild ginger, moth plant and other plant pests were removed during the field trip that followed the workshop. >60 community volunteer hours were done in the month with a 1:3.5 paid:volunteer ratio.
 - Species Enhancement: All four tagged kiwi have been monitored and none are nesting. Pateke are becoming widespread and ducklings have been observed. Grey-faced petrel burrows have been observed in the Tutukaka Lighthouse Island Reserve.
- *Whangārei Heads High Value Area*
 - Kiwi Monitoring: Monitored kiwi at Whangārei Heads have started nesting with three of the males sitting.
 - Dog Kill Kiwi: A kiwi killed by a dog was recovered from a lifestyle block around Kerr Road. All dog owners in the area have been visited by the Backyard Kiwi project manager to raise awareness about the threat's dogs pose to their local kiwi.
 - Kiwi Movement: One of the tagged kiwis from the recent translocation has moved east, all the way out to the Pataua North Landcare area – making use of the "Kiwi Corridor".

- *Piroa-Brynderwyn High Value Area*



A New Celium Hub installed on Bream Tail Farm to monitor the predator traps there and in the Piroa-Brynderwyn High Value area.

- **Possum Control:** Possum control was conducted on 200ha at Lang's Beach Estate and a further 400 ha adjacent to the Estate. The control was organised by Waipū Kiwis and carried out by professional trappers. The impact of well organised professional toxin placement on forest health will be assessed and the lessons learned applied to similar programs carried out by volunteers in regenerating native forest.
- **Feral Pig Control:** Two new traps targeting feral pigs were purchased and deployed. One is a new modular design allowing deployment in places with difficult access.
- **Predator Monitoring:** New trail cameras to monitor feral pigs and behaviour of other pest animals were purchased.

- **Weed Control:** A moth plant campaign has been very successful in Waipū and Mangawhai. Over 14 bags of seed pods were collected at drop-off bins in both towns, and locals have helped to identify particularly bad areas of infestation. One of the worst areas of moth plant was discovered in a Waipū subdivision, where the plant has been ploughed into the ground and will be tackled by a volunteer event.

- *Kai Iwi High Value Area*

- **Predator Control:** Stoat traps have been flown into remote areas of Wekaweka ready for deployment. Forty stoat traps currently being placed on private land adjoining the Taharoa Domain. The bait station network at Kai Iwi is being upgraded ready for the Spring pest control.
- **Pest plants:** Team Vegetation have done a great job this month working on wilding pines and acacia control around Lake Waikare.

- *Mid-North High Value Area*

- **Predator Control:** Following the well-attended Pest Control Wānanga at Akerama Marae, the Mid-North High Value Area has been busy supplying traps into different groups including Doubtless Bay Sea Scouts, Iwi Kiwi Waitangi, Retreat Rd Trappers, Purerua Pest Area, Taronui Pest Area, Kerikeri Peninsula CPCA, Ōkaihau Farmers, Waihou Valley, Waipapa West Trap Library and Moekau Native Forest Restoration Trust. Ferrets have been sighted at Waipapa West and Puketōtara and extra traps have been deployed.
- **Te Waka Kaitiaki Whenua:** The education program for schools and marae is nearing 30 school visits with the conservation message. A film crew from Princess Cruises visited Kāretu School with Te Waka to film the presentation for engagement with their cruise passengers.

KAURI DIEBACK

Northland Rugby Union

Council have supported the Northland Rugby Union with a three-year campaign to raise awareness about kauri dieback in Northland. Influential players are engaged to help promote behaviour change and improve forest hygiene awareness around key recreational activities such as hunting and bush walking.

Filming of three short videos using well-known, high-profile players have been completed and a shortened version of the first of these was presented on TV One news recently.

<https://www.tvnz.co.nz/one-news/sport/rugby/northland-rugby-players-raising-awareness-kauri-dieback-in-far-north-community>



Local film crew from Big Fish Creative working with Northland Rugby players to shoot a video about forest hygiene when hunting.

Kauri Protection Fencing Fund

Another fencing project was signed off at Maunganui Bluff. This large project (2,300 m) will help protect a significant old growth Kauri stand on Maunganui Bluff.

Management Plans

Kauri dieback management plans continue to be developed for all positive sites as well as those that are identified as medium – high risk sites. All site occupiers receive advice and a basic management plan about how to best protect their kauri and forest from kauri dieback and other diseases.

Ground Truthing Sampling Results

Sampling has been suspended during winter and will resume when weather and ground conditions improve. All samples taken by both kauri dieback staff and contractors have now been analysed and the results are detailed in *Tables 1* and *2*.

Table 1: Kauri Dieback Staff Sampling Results - October 2018 to June 2019

Month	Number of Sites Surveyed		Tree Sample Results		
	Surveyed	Positive	No. Trees Sampled	Positive	Negative
October	5	3	17	6	11
November	11	1	38	2	36
December	11	4	44	10	34
January	15	2	40	6	33
February	1	0	2	0	2
March	8	1	15	1	14
April	2	0	4	0	4
May	4	0	7	0	7
June	2	0	5	0	5
Year Total	59	11	172	25	146

Table 2: Contractor Sampling Results - April to June 2019

Number of Sites Surveyed		Tree Sample Results		
Surveyed	Positive	No Trees Sampled	Positive	Negative
124	10	264	19	245

Northland Pig Hunters

Kauri dieback staff continue to attend pig hunting events in the region to raise awareness about kauri dieback. The aim of council's involvement in these competitions is to establish a positive ongoing relationship with pig hunters (a potential kauri dieback vector) and enable better uptake of hygiene practices and wild pig eradication. Events attended during the month included:

- Opononi pig hunting competition: Hygiene kits were handed out to hunters at this competition on 20 July.
- Northland Pig Hunting Club's Les Jenkins Memorial competition: Held on 28 July at Ruakaka, council created and sponsored two extra divisions to include a heaviest sow division, and a hygiene division with a 1st 2nd and 3rd prize in each.

Takou Bay Kauri Sanctuary



Landowners in the Takou Bay catchment area were given basic kauri dieback hygiene supplies and information at a hui hosted by Ngāti Rēhia on 3 July. Ngāti Rēhia then hosted a hui for Minister Shane Jones to officially open their kauri sanctuary in Takou Bay on 12 July, where the Minister announced further funding for the kauri sanctuary project. Council staff attended the hui. Scion have tested the soil where the trees are to be planted and it has tested disease free. Council staff are supporting the project sharing advice on biosecurity hygiene measures, pest management, and biodiversity with Ngāti Rēhia and surrounding landowners.

Minister Shane Jones planting one of the first kauri in Ngāti Rēhia's kauri sanctuary with local kaitiaki.

MARINE BIOSECURITY

Ōpua Sabella Incursion

Following an incursion of *Sabella* in Ōpua in 2018, an eradication response has been underway. The decision to proceed with another round of diving (made during an expert workshop held at council on 7 June 2019) was reported to councillors at a workshop on 17 July. It is expected that we will have adequate data following this next phase of diving to be able to create an appropriate decision-tree for continuing the eradication attempt or changing focus to a long-term management programme. Council will continue working with stakeholders and local mooring owners with response updates, media releases, and encourage boaties in the area to be vigilant and limit any further spread. A 'See it? Report it!' Facebook post on fanworm was also included as part of Biosecurity Week (22–28 July).

Tutukaka Sabella surveillance

Following an incursion of *Sabella* at Tutukaka Marina in 2015, annual (with the exception of 2016) surveillance has been conducted. No *Sabella* has been found during these surveys to date, with the 2019 diving completed in the second week of July. Next year (2020) will be the fifth survey and if no *Sabella* is found then, eradication will be deemed successful.

Whangaroa Sabella surveillance

In 2017, a vessel was found with mature *Sabella* on its hull in the Bay of Islands that had also previously spent several months in Whangaroa Harbour. The Ministry of Primary Industries and council initiated a surveillance programme to ensure no *Sabella* was introduced into Whangaroa Harbour. The 2019 round of diving was completed on the 23 July with no *Sabella* found.

Inter-Regional Marine Pest Pathway

The final report on the Inter-Regional Marine Pathway Plan (IRMPP) consultation was reviewed and agreed on by the Top of the North Marine Biosecurity Partnership on 27 June. On 16 July, the report and recommendations for the next steps were presented to council and approved. The remaining Top of the North regions are currently providing the results to their councils. The next steps will involve progressing with an option analysis to identify a preferred option for managing marine pests inter-regionally, and presenting this option, along with supporting evidence, to council for consideration in early 2020.

In-water Cleaning Workshop

On 15 July, members of the marine biosecurity team attended a workshop discussion on the barriers to the uptake of in-water cleaning for vessel biofouling management, and potential solutions to better uptake. The workshop was run by Tonkin & Taylor Ltd on behalf of the Ministry of Primary Industries. Industry, science, regulatory, and policy stakeholders were present and it was a good opportunity to gather different perspectives and viewpoints on this issue. There was clear support from those present for the requirement of clean hulls, but at the same time the request for practical solutions to enable this – for example approved technologies, national standards, availability of infrastructure, and the ability to clean within the 12 nm zone.

PEST PLANTS

Eradication Plants

Eradication control work has focused on completing the biannual ochra control program. Ochra, which is one of our three largest programmes by infestation site number, is now 95% complete with 19 central Whangarei sites remaining.

Officers have also been following up on a large infestation of batwing found by students at Hurupaki School, outside our current known range. Searches around the initial seedling site located seven well established adult plants in a small bush remnant on the school field. Due to its proximity to Pukenui Forest, officers have begun planning for delimitation surveillance, and a programme to raise community awareness and reporting in the potential infestation zone around this site.



Large adult batwing vines removed from the newly identified batwing infestation at Hurupaki School – originally identified by school students working with the Enviroschools program.

Weed Workshops

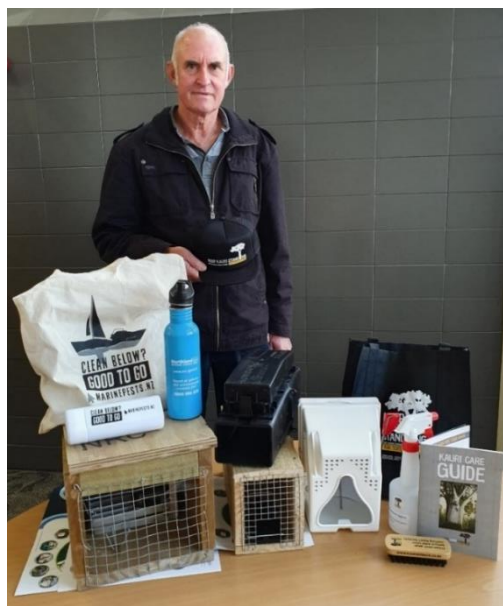
The first two weed workshops of our annual programme have been held in:

- Council chambers – 24 participants
- Paparoa – 11 participants

These workshops focus on identification of the more common pest plants in Northland, the risks they represent to our environment, and on practical control methods. As always, these workshops are extremely well received, with very positive feedback from keen weed warriors. Three more

workshops are scheduled for around Northland with a further request for a one to be held at Kāretu Marae near Russell Forest.

Biosecurity Week 2019



Biosecurity Week is an annual initiative from the New Zealand Biosecurity Institute where those working in the industry highlight the work each organisation is doing to protect their community and New Zealand. Biosecurity Week 2019 (22 – 28 July) was promoted through council's social media channels with regular posts and a competition. The promotion was well received through Facebook with a total reach of 22,716 and 1,459 engagements on our posts over the week. One day each was dedicated to different Biosecurity work-streams. The most popular post featured Tiakina Whangārei and their \$10 rat trap starter kit for local residents which had a total reach of 3,211 and 267 engagements.

Craig Gordon, winner of the Facebook Bioweeek 2019 competition, with his Community Prize Pack.

RIVERS

LTP Projects

Rivers	Comments
Awanui	The team has prioritised work on the final design, to allow identification of affected landowners. Letters with the scheme details and implications for landowners will be delivered in August.
Matangirau	An archaeology assessment has commenced with the Archaeologist meeting with members of the community to identify sites of significance.
Kawakawa - Taumārere	The Taumārere River Working Group meeting was held on 22 July. The team will proceed with more modelling and report back to the committee in September.
Whāngārei	Work on Woods Road Flood wall is progressing, with rip-rap placed and the retaining wall nearing completion. The contract completion date is 31 August.
Panguru	Work is progressing with the archaeology assessment and resource consent. We are expecting to lodge for resource consent by mid August.

NATURAL HAZARDS

Work Streams	Status	Comments
Awanui Flood Model	90%	Calibration of the hydrological model is nearing completion. Once this is completed the full catchment model will be used to produce flood maps incorporating the scheme design.

7.2.6 STRATEGY, GOVERNANCE AND ENGAGEMENT

PROPOSED REGIONAL PLAN

The council's decisions (excluding GE/GMOs) were notified on 4 May 2019. There was a 30 working day appeal period for submitters to lodge appeals to the Environment Court. A total of 23 appeals were received. These appeals canvas many parts of the Proposed Plan (rules, objectives, policies and maps), but there are a number of provisions that are not subject to appeal. Council has

developed an 'Appeals Version' of the Proposed Regional Plan, which is available to view on our public website.

In addition to the 23 appeals, council has received notices from 40 separate submitters wishing to become a 'party' to the Environment Court proceedings (under s274 RMA). These 40 submitters served approximately 180 separate notices across the various appeals. The Environment Court will be conducting an initial callover conference on 14 August 2019.

Council also released its decision (at the July Council Meeting) in relation to matters raised in submissions on the addition of provisions for genetically modified organisms. This was publically notified on 3 August 2019. There is a 30 working day period for submitters to appeal the decision to the Environment Court.

NATIONAL INITIATIVES

Changes to the Resource Management Act 1991 (RMA)

The government has announced it intends to amend the RMA in two stages – the first being to address issues with resource consenting, enforcement and Environment Court provisions and to reverse a number of changes by the previous government. Stage two will be a more comprehensive review of the system as a whole and in particular interactions with other law such as the Local Government, Land Transport and Climate Change Response Acts.

Emissions Trading Scheme

The government has announced changes to the Emissions Trading Scheme (ETS), which include:

- Phase down rates for allocation to industrial activity (a gradual reduction in the free allocation) of 1% annually from 2021-2030 growing to 2% from 2031-2040 and to 3% for 2041-50.
- Changes to the forestry settings in the ETS including requiring all forests registered from 1 January 2021 to use the averaging accounting system, the ability to offset liabilities by planting elsewhere, and foresters not being liable for adverse events (such as storm damage).

A discussion document setting out proposals for agriculture sector to enter the ETS has also been released.

Productivity Commission

The Productivity Commission has release its draft report on local government funding and financing. This is the subject of an item to the August council meeting.

DISTRICT PLANNING

Council lodged a submission on Whangārei District Council's suite of 'Urban and Services' Plan Changes on 3 July.

ECONOMIC DEVELOPMENT

Investment and Growth Reserve – Projects Report

Project	July update	Future developments/ reporting
Resources Enterprise Limited (REL)	Letter sent from CEO requesting immediate payment of interest owing and update on investor.	Work with REL to protect council investment.
Hundertwasser Art Centre (Whangārei)	Monthly progress report for June received.	Awaiting invoice for second payment of \$500,000 (due at 50% completion).
Manea Footprints of Kupe	Letter sent to Trust reaffirming councillors position on ownership, followed up with proposed solution.	Work with Trust/FNHL to agree resolution to finalise funding agreement.
Northland Water Storage and Use	Signed funding agreement received from MBIE. Submissions for tender to undertake pre-feasibility demand	Appointment of consultants to undertake pre-feasibility work and

Project	July update	Future developments/ reporting
	assessment and design study closed 15 July.	meetings of project governance groups.
Te Hononga / Kawakawa Hundertwasser Park Centre	Project status report to 27 June received.	Awaiting receipt of next progress report and third invoice.
Extension 350	Progress report for quarter 4 2018/19 received.	Continue receiving progress reporting and invoicing as per funding agreement.
Extended Regional Promotion	Nothing to report.	Next report due August 2019 for second six-months 2018/19.
Twin Coast Cycle Trail (TCCT)	Nothing to report.	Awaiting further progress report on remaining four easements to complete funding commitment.

Other Activities

- Letter sent to Northland Inc informing of council agreement to Statement of Intent 2019-2021.

ONLINE CHANNELS

Highlights

The new online magazine section of the website went live on 12 July: www.nrc.govt.nz/ournorthland

This section will be used to publish stories about the work that the council is doing with the community and around Northland.

Most popular post on Facebook – Announcement of the new Bream Bay Link bus service starting 1 August. The Bream Bay Link will run every Thursday from Kaiwaka, through Mangawhai, Waipū and Ruakaka to Whangārei. The post was seen by over 17,000 people.

Key Performance Indicators	Mar-19	Apl-19	May-19	Jun-19	Jul-19
WEB					
# Visits to the NRC website	28,000	26,100	25,200	23,100	23,200
E-payments made	6	4	5	2	24
# subscription customers (cumulative)	1,179	1,191	1,176	1,184	1,202
SOCIAL MEDIA (CUMULATIVE)					
# Twitter followers	1,430	1,439	1,444	1,448	1,460
# NRC Facebook fans	7,968	8,130	8,515	8,641	8,756
# NRC Overall Facebook Reach	219,300	189,900	267,900	138,600	167,300
# NRC Engaged Daily Users	27,000	8,314	16,200	4,753	9,264
# CDEM Facebook fans	16,600	16,700	16,700	16,900	17,000
# CDEM Overall Facebook Reach	31,900	45,400	15,400	49,800	66,400
# CDEM Engaged Daily Users	2,132	2,710	1,172	6,514	6,317
# Instagram followers	712	736	755	802	853

MĀORI ENGAGEMENT



Attendees at Roma Marae, Ahipara - 19 July 2019

Te Oneroa-a-Tōhē Board

Public consultation and hui have begun with good attendance at events for the development of the Beach Management Plan.

The website has gone live with positive media coverage featuring NRC staff and Iwi representatives by Te Hiku Media.

<https://tehiku.nz/te-hiku-tv/haukainga/10556/beach-plan-back-on-board>

TTMAC

Report by Māori Technical Advisory Group (MTAG) to review Te Taitokerau Māori and Council Working Party 2016 – 2019 presented at TTMAC formal July meeting for further feedback and recommendations.

Pōwhiri – Kaiārahi Tikanga Māori

He mihi nunui tēnei ki te Kaiārahi Tikanga Māori hou o Te Kaunihera ā Rohe o Te Taitokerau, ko Arama Morunga. We were proud to conduct the pōwhiri for our new Kaiārahi Tikanga Māori: Māori Cultural Advisor, Arama Morunga with support from local hapū Te Parawhau and Iwi Relationships Managers/staff from FNDC, WDC and KDC.

NDHB staff and whanau to support pōwhiri and handover – Kaiārahi Tikanga Māori



ENVIROSCHOOLS / EDUCATION

Otaika River work celebrated

On 26 July, council's EnviroSchools team and Whitebait Connection led the celebration of years of work on the Otaika awa by Otaika Valley and Portland school students, partly funded by the Whangārei Harbour Catchment Group. The celebration included kaumatua unveiling two signs designed by students – one showing people how to care for inanga / whitebait and another sharing the history of the planting, pest control and water quality testing mahi.

Far North Project Pest Control skills course

On 31 July and 1 August, the final Project Pest Control skills course for 2019 was held at Lonsdale Park, near Kāeo. Over 50 senior students from Abundant Life School (Kaitāia), Kaitāia College, Northland College, Ōkaihau College and Opononi Area School gained skills in animal pest trapping, possum skinning and machine-plucking, laying trap lines and health and safety. DOC Livestock and NDHB staff joined council's Biosecurity team members in delivering tuition.

MARKETING AND ENGAGEMENT

Environmental Leaders Fund

Thirty applications were made from schools to the 2019 Environmental Leaders Fund. Twenty-six of these applications were successful, either being fully funded or receiving a contribution of their application. A total of \$2,804 was granted for Biosecurity trapping hardware and the full \$20,000 for environmental projects was apportioned to projects that included several native plant nurseries,

SCHMAK kits for Water Quality monitoring, and a number of native restoration and riparian planting projects.

Weed Workshops

The Wise Up To Weeds FREE Workshops were held at locations around Northland from Thursday 18 July – Friday 2 August. The Biosecurity Pest Plants team offered advice on identifying some of the worst weeds and how to deal with them.

LOCAL GOVERNMENT OFFICIAL INFORMATION (LGOIMA) REQUESTS

Month	LGOIMA requests received 2018/19	LGOIMA requests received 2019/20
July	15	15
August	20	
September	7	
October	5	
November	10	
December	9	
January	11	
February	15	
March	9	
April	12	
May	19	
June	11	
TOTAL LGOIMA REQUESTS RECEIVED	143	
Total LGOIMA requests not responded to within 20 working days*	1	1

* In July REQ. 595751 requesting all documentation for resource consent 40748 held by Taumata Plantations Ltd was not responded to within 20 working days, due to a technical error.

7.2.7 CUSTOMER SERVICE – COMMUNITY RESILIENCE

CUSTOMER SERVICES

Telephone Inbound Call Statistic & Enquiries

	July 2019	Target
Call volume via Customer Services	2608	
Conversion rate	97.8%	>95%
Average wait time	6 sec	
Calls answered in under 30 sec	96.4%	>90%

Inbound call volumes for July were up on June and were comparable to the same period last year. Over 20% of new enquiries were for district council activities and a large proportion of those enquiries were related to rates.

The second largest group of enquiries was for the biosecurity team, with over 150 animal and plant pest enquiries accounting for most of the activity.

Satisfaction Monitoring

- 2019 Resident Survey

We are waiting for the final version following some questions to the survey company about the weighting targets they have applied for the various demographics. The finalised report will be released and published on our website.

In the 2019 survey, the council has continued to show improvement in the way we interact with our customers and respond to their enquiries.

	2019	2018	2017	Two-year difference
Staff took time to understand your needs	59%	56%	48%	11%
Staff responded to you quickly	63%	56%	48%	15%
You received the information you needed	56%	49%	36%	20%
Staff kept you informed	56%	48%	40%	16%
You were treated fairly	62%	58%	55%	7%
Staff did what they said they would do	61%	54%	50%	11%
Staff gave accurate and professional advice	58%	58%	52%	6%
Staff know what they're doing and apply laws and policies in good faith	67%	59%	47%	20%

In addition to the main survey, in which participants are selected randomly from the electoral rolls, this year for the first time we publically advertised a link to allow residents to self-select participation.

The results for this cohort have been reported separately, and generally they have expressed less satisfaction and different communication preferences than the randomly selected survey group. As this second group is more digitally focused, we will continue to develop solutions to better meet their needs.

- Feedback Cards, Compliments and Complaints

Feedback cards have been included with compliments and complaints, as appropriate.

Compliments received	Total
Service provided by a specific person	2
<ul style="list-style-type: none"> K McGuire - Consents S Morgan, V Harwood, C Nyberg - CDEM 	
Total compliments recorded	2
Complaints received	Total
Standard of service provided	2
Staff or contractor behaviour / attitude	1
Lack of information or communication	1
Total complaints recorded	4

Three of the complaints related to bus services; bus early, service cancelled and the driving. All complaints have been resolved. The communication complaint has resulted in improvements to our processes to avoid similar issues arising in the future.

CIVIL DEFENCE EMERGENCY MANAGEMENT

Warnings and Activations

A MetService severe weather warning for heavy rain was issued on Wednesday 3 July. This resulted in a fairly even spread of 30-60mm of rain throughout the region, providing some relief to rivers and dry ground conditions.

National Tsunami Warning

Debriefs and learnings are continuing at a national level following the Kermadec Islands earthquake of Sunday 16 June and the subsequent advisories and warnings issued by the Ministry of Civil Defence and Emergency Management (MCDEM).

CDEM Group and Coordinating Executive Group (CEG)

The Northland CDEM Group and Coordinating Executive Group will next meet for their quarterly meetings on Wednesday 4 September.

Emergency Management System Reforms

The recently-appointed Minister of Civil Defence, Hon Peeni Henare, gave his first public address to the Emergency Media and Public Affairs (EMPA) conference in Wellington in early August but did not elaborate beyond what had already been announced about emergency management system reforms and the establishment of a new National Emergency Management Agency to replace the existing ministry, MCDEM.

Possible LGNZ Training for Mayors

The Mayor of Tasman District during February's Pigeon Valley fires, Richard Kempthorne, has approached LGNZ with his thoughts on relevant training for mayors on their CDEM responsibilities. He has also offered to play a part in that training. If this goes ahead, it would be well worthwhile as Mayor Kempthorne's performance through that time would provide an extremely strong example.

Meetings and Workshops with Partner Agencies

Meetings and workshops – either led by the CDEM team or the partner agency – were held with EQC (EQC's role after an event [earthquake, flood, landslip, eruption, tsunami] and what damage is covered to what level), MBIE (temporary shelter and accommodation) and Northland DHB (hospital evacuation plans) and a Whangarei Airport review of security arrangements in response to a range of potential incidents.

Far North Tsunami Sirens

A longstanding difference between Far North District Council and its electricity supplier regarding the cost of operating tsunami sirens has now been resolved, allowing further sirens to be installed. Tsunami information boards are also being installed in both the Far North and Kaipara (Mangawhai).

TRANSPORT

Regional Land Transport Planning

- *Road to Zero – National Road Safety Strategy 2020/2030*

On 17 July 2019, the Ministry of Transport released the draft National Road Safety Strategy for the period 2020 to 2030 under the title "Road to Zero".

The content of this draft strategy and the feedback received from the Regional Road safety Action workshop held on 12 June 2019 will be analysed to identify areas of commonality and areas of difference that will be used in the Regional Transport Committee's submission on the draft strategy.

PASSENGER TRANSPORT ADMINISTRATION

Total Mobility

Total Mobility (TM) figures are reported one month in arrears, due to the required information being unavailable at the time of the agenda deadline.

	Total Clients	Monthly Actual Expend	Monthly Budget Expend	Variance	Year/Date Actual Expend	Year/Date Budgeted Expend	Variance
June 2019	1,504	\$17,593	\$25,000	-\$7,407	\$215,502	\$300,000	-\$84,499

Total Mobility End of Year Figures

Actual spend for the 2018/19 financial year was \$215,502 as against \$179,164 for the 2017/18 financial year. The increase of \$36,338 can be attributed to the new transport operator being on the scheme for a full financial year, and increased promotion of the Scheme.

Total Mobility Awareness Campaign

During the month, the Total Mobility Scheme was advertised on the local radio station. The goal was to reach the target market through a new media channel. It will take time to ascertain the impact these advertisements will have on the scheme.

Operational Statistics

June 2019 (revenue ex GST)	Actual	Budget	Variance	Year/Date Actual	Year/Date Budgeted
City Link Passengers	29,382	25,897	+3,485	329,242	309,414
CityLink Revenue	\$43,056	\$48,829	-\$5,774	\$573,096	\$612,014
Mid North Link Passengers (revised 1 May 2019)	160	240	-80	2,114	4,660
Mid North Link Revenue (revised 1 May 2019)	\$583	\$1,067	-\$483	\$7,656	\$28,666
Hokianga Link Passengers	47	78	-31	427	534
Hokianga Link Revenue	\$530	\$1,017	-\$487	\$5,299	\$6,806
Far North Link Passengers	447	593	-146	6,660	7,549
Far North Link Revenue	\$1,063	\$1,483	-\$420	\$15,852	\$18,871

In regards to the year-end financial outcomes of the CityLink Bus Service, it should be noted that: -

- The operational deficit was reduced by \$92,000 due to the Whangarei Trials not proceeding in 18/19;
- Additional subsidy brought in (due to claiming labour at charge out rate - unbudgeted) has assisted in offsetting the negative impact of the reduced CityLink fares (farebox revenue loss); and
- The Transport Department overall had a budgeted nett cost to council of approximately \$180,000 for 18/19. The actual nett cost to Council was approximately \$40,000 for 19/20. The additional subsidy brought in (by the labour being claimed at charge out) has seen that budgeted deficit reduce by approximately \$140,000.

MARITIME

Twenty incidents were recorded for July, including three oil spills of minor nature, and the usual speeding, light failures, and mooring issues.

Staff were also involved in some difficult incidents and following a serious accident with an individual and a number of vessels it then required assistance from police.

Staff had meetings in Whangārei and the Bay of Islands with Tuia 250 organisers. Planning is well in hand for the Northland part of the event.

The council vessel Waikare is now off the slip in Whangārei, with most work complete. The last engine is still being refurbished.

A number of staff have attended training, including management, Microsoft and CIMS training.

Rolling maintenance of aids-to-navigation (ATON) is on-going. The maritime team provided on water monitoring services to other departments. Work is progressing to make the data from the wave-rider buoy available.

The General Manager, Harbourmaster and Deputy attended the Port and Harbour Safety Code Forum and Harbourmaster Special Interest Group meeting in Auckland. A wide range of the latest thinking in risk prevention was the theme. Harbourmasters have created some subgroups to work on coordinating and matching bylaw rules and boating education around the country.

Attachments/Ngā tapirihanga

Nil

TITLE: Reporting on Long Term Plan 2018-2028 Performance Measures for the Year Ended 30 June 2019

ID: A1227484

From: Kyla Carlier, Corporate Planning Manager

Executive summary/Whakarāpopototanga

This report presents the results of council's key performance indicators, as set and adopted in the Long Term Plan 2018–2028, for the financial year 1 June 2018 to 31 July 2019.

Recommendation

That the report 'Reporting on Long Term Plan 2018-2028 Performance Measures for the Year Ended 30 June 2019' by Kyla Carlier, Corporate Planning Manager and dated 7 August 2019, be received.

Background/Tuhinga

The Long Term Plan 2018-2028 comprises 51 key performance indicators that measure aspects of council's service provision across five activity groupings:

- Governance and engagement
- Regulatory services
- Environmental services
- River management
- Customer services and community resilience

Each performance measure provides a snapshot of the activity's performance.

At the time of writing this report two measures were still outstanding while data analysis is completed. One of these outstanding measures is establishing baseline data during this first year of reporting, and so will be recorded as 'achieved' once analysis is completed.

Of the remaining 49 measures, 38 have been achieved, and 11 have not been achieved. A summary of all measures is set out in the table below. The full results will be in the final annual report which is scheduled to be presented to council for adoption next month.

Governance and engagement | Ratonga whakahaere whakauru

1.1 Governance	
1.1.1 Maintain effective, open and transparent democratic processes.	
100% of official information requests that are responded to within 20 working days.	Not achieved End result 98%. All requests that were not responded to within the 20 working days were reported to council in the Chief Executive's report.

Council receives a favourable ("unqualified") audit opinion on its Long Term Plan, Annual Plan, and Annual Report 100% of the time.	Achieved
Elected members attend council meetings 90% of the time.	Achieved
The percentage of the community surveyed that is satisfied with the way council involves the public in the decisions it makes is improved.	Achieved
1.2 Māori relationships	
1.2.1 Establish enduring and robust governance relationships between council and Māori of Taitokerau	
Ten meetings of the Te Taitokerau Māori and Council Working Party are held each calendar year.	Achieved
1.2.2 Provide opportunities for Māori to participate in council processes	
Percentage of time council meets all relevant requirements of Treaty of Waitangi settlement legislation.	Not achieved 99.8% of requirements were met. This was not achieved in full due to three bore consent applications failing to be circulated to Treaty settlement groups.
Targeted pre-consultation engagement is undertaken with Māori during council's statutory Resource Management Act planning processes 100% of the time	Achieved
1.3 Communication and engagement	
1.3.1 Support and deliver environmental education initiatives	
Percentage of schools and kindergartens participating in the Enviroschools programme is maintained or increased.	Achieved
1.3.2 Promote effective community engagement	
Number of subscribers to online and social media channels increases by 25% annually	Achieved
Annual engagement with 100% of council's Collaborative Community Engagement Groups	Not achieved Engagement was achieved with 128 out of 133 active groups. Where engagement was not achieved this was because either email contact was sufficient, no work was required during the year, or contact could not be made with the group.

1.4 Economic development	
1.4.1 Invest in economic development projects and ventures within Northland to improve Northland's economic performance	
Northland Inc's achieves compliance with Local Government Act requirements relating to its Statement of Intent 100% of the time(SOI)	Achieved
100% of Northland Inc's SOI key performance indicators are achieved by 30 June each year.	Not achieved 14 of 17 key performance indicators achieved. The two that were not achieved related to the facilitation of NZ Trade and Enterprise and Callaghan Innovation grant funding.

Regulatory services | Ratonga a ture

2.1 Planning and policy	
2.1.1 Develop and maintain regional planning documents for the management of Northland's natural and physical resources	
Develop a new Regional Plan - hold hearings and release council decisions on the proposed Regional Plan in 2018/19.	Not achieved Decisions on GE/GMO provisions not yet released - expected to be released early 2019/20.
Make changes to the new Regional Plan and Regional Policy Statement (RPS) as necessary to implement national direction and to respond to resource management issues.	Achieved
2.2 Consents	
2.2.1 Provide efficient and effective processing and administering of resource consents	
98% of all resource consent applications are processed within the statutory timeframes.	Achieved
2.3 Monitoring (compliance monitoring)	
2.3.1 Provide efficient and effective compliance monitoring of resource consents	
90% of monitored resource consents are not graded as significantly non-compliant.	Achieved
90% of monitored permitted farm dairy effluent activities are not graded as significantly non-compliant.	Not achieved 44 of 212 activities (20%) were significantly non-compliant. Compliance is dependent on landowner behaviour which is influenced by factors outside of council's control.
100% of consents for industrial, municipal sewage and farm discharges, and major water takes requiring monitoring, are monitored as per the council's consent monitoring programme.	Not achieved 92.8% of consents were monitored in accordance with the programme. This is

	attributed to high staff turnover.
2.3.2 Efficient and effective response to and resolution of reported environmental incidents	
80% of environmental incidents with more than minor effects reported to the Environmental Hotline are resolved within 30 working days.	Achieved
2.4 Monitoring (State of the environment monitoring)	
2.4.1 Gather and make available information on the suitability of water bodies for swimming and shellfish collection	
Monitor at least 50 popular swimming sites weekly during the summer for faecal indicator bacteria and publish the results.	Achieved
Monitor at least 15 popular shellfish collection sites weekly during the summer and publish the results.	Achieved
2.4.2 Monitor the life-supporting capacity of water (fresh and marine), uses and values	
At least 90% of sites monitored for macroinvertebrates showing improved or maintained trend in their Macroinvertebrate Community Indices (MCI).	Not achieved 83% of sites showed maintained or improved trend.
At least 90% of fish monitoring sites showing improved or maintained trend in their Index of Biotic Integrity (IBI).	Reporting pending
At least 90% of lake sites monitored for ecological status showing improved or maintained trend in their Submerged Plant Indices (SPI).	Achieved
At least 90% of lake sites monitored for level of nutrient enrichment showing improved or maintained trend in their Trophic Level Indices (TLI).	Not achieved 75% of monitored lakes showed improved trend
Comprehensively monitor at least 40 coastal sites monthly for general water quality.	Achieved
2.4.3 Monitor the standard of ambient air quality in Northland	
100% of air sheds meet the national air quality environmental standards.	Achieved

Environmental services | Ratonga i te taiao

3.1 Natural Hazard Management	
3.1.1 Identify and make available information on areas potentially affected by natural hazards through mapping	
28 (21.7%) of river catchments flood-mapped to identify river flooding hazards.	Achieved

3.2 Hydrology	
3.2.1 Provide information on water resources including rainfall, flood levels and ground water	
Flood level monitoring is accurate to enable flood warnings to be developed 100% of the time	Achieved
3.3 Biosecurity	
3.3.1 Promote community involvement in pest management	
Increase in hectares of land under Community Pest Control Area Plans (CPCAs) by 5000 ha per annum.	Achieved
Increase in kiwi populations within council supported programmes by 2% annually	Reporting pending
3.3.2 Implement measures to slow the introduction and spread of new and established marine pests	
Survey at least 2000 vessel hulls for marine pests each year as part of the Marine Pathway Management Plan	Achieved
3.4 Biodiversity	
3.4.1 Maintain and enhance indigenous biodiversity and eco-systems around our rivers, lakes, wetlands and coastal margins	
13 wetland enhancement and protection projects funded via Efund for 2018/19	Achieved
11,000 plants provided through CoastCare programme for 2018/19	Achieved
100% of objectives that are set out in annual work plan for Freshwater Improvement are met	Not achieved Six out of ten objectives achieved across two projects. Two are delayed, but all are on track for delivery within two to five years.
3.5 Land and water	
3.5.1 Promote improved water quality by providing advice and funding on sustainable land management, soil conservation, and biodiversity through farm management and catchment management initiatives	
Area hectares (ha) of land being actively managed under a sustainable farm environment plan is increased by 25,000 ha annually	Achieved
Area (ha) of highly erodible land being actively managed under a farm environment plan is maintained or increased.	Achieved
6,000 subsidised poplar poles are provided for erosion-prone land by the Flyger Road nursery in 2018/19	Not achieved

	5,000 poles were provided. Expansion of the nursery impacted pole delivery.
Kilometres of waterway margins protected to reduce sediment, nutrient run-off and general contamination of water, funded by the Environment Fund, is increased.	Achieved

River management | Ratonga whakahaere a awa

4.1 River management	
4.1.1 Build, monitor and maintain flood protection schemes to protect life and property	
Zero flood events occurring as a result of failures of flood protection systems for the Awanui, Whangārei, and Kāeo schemes below specified design levels.	Achieved

Customer services and community resilience | Ratonga manawaroa a hapori

5.1 Customer services	
5.1.1 Providing meaningful customer service	
Percentage of customers surveyed that are satisfied with the quality of service received following an interaction with council is maintained or increased	Achieved
5.2 Civil defence emergency management	
5.2.1 Provide accurate and timely flood warnings to enable communities to take precautionary measures to protect life and property	
Accurate flood warnings are issued in accordance with the council's flood warnings procedures 100% of the time	Achieved
5.2.2 Maintain an effective civil defence emergency management system	
Emergencies are debriefed within one month, and noted improvements are incorporated into the appropriate emergency operating procedures and response plans, 100% of the time	Achieved
5.3 Oil pollution response	
5.3.1 Maintain an efficient and responsive oil pollution response	
A regional oil spill response plan, including a minimum of 30 up-to-date trained responders, is maintained	Achieved
5.4 Harbour safety and navigation	
5.4.1 Provide regional navigational safety control of shipping and small craft, provide aids to navigation to ensure the region's navigable waters are safe for people to use, and manage the region's moorings.	

Operational safety management system for the pilotage areas of Whangārei and Bay of Islands complies with the Port and Harbour Safety Code 100% of the time	Achieved
Pilotage in the Bay of Islands is provided in accordance with the safety management system 100% of the time	Achieved
Reported aids to navigation faults are responded to within five working days, 100% of the time	Achieved
95% of moorings are either serviced within the past three years or booked to be serviced.	Achieved
5.5 Transport	
5.5.1 Provide an efficient and effective public bus service	
Number of passengers for the Whangārei urban bus service is maintained at 310,000 per annum.	Achieved
95% of passengers are satisfied with overall Whangārei bus service.	Not achieved 92% of passengers were satisfied. Lower satisfaction due to service delays from traffic congestion, road works, and passengers not being informed of delays in time.
5.5.2 Plan for the future transport needs of the region	
Statutory transport planning documents including the Regional Land Transport Plan (RLTP) and Regional Public Transport Plan (RPTP) are developed and maintained	Achieved

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 14 August 2019

TITLE: Business with the Public Excluded

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:

Item No.	Item Issue	Reasons/Grounds
8.1	Confirmation of Confidential Minutes - 16 July 2019	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
8.2	Human Resources Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).

3. That the Independent Financial Advisor be permitted to stay during business with the public excluded.
-

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.