

# **AGENDA**

## **SUPPLEMENTARY**

**Council**  
**Tuesday 25 June 2024 at 10.15am**

## Northland Regional Council Supplementary Agenda

Meeting to be held at the Dargaville Museum  
32 Mt Wesley Coast Road, Dargaville  
on Tuesday 25 June 2024, commencing at 10.15am

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

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**TITLE:**           **Receipt of Supplementary Report: Caulerpa Response Plan**

**From:**           Chris Taylor, Governance Specialist

### **Executive summary**

As stated in the main agenda, the information pertaining to this item was unable to be finalised in time for the circulation of the agenda. Therefore council is requested to receive the supplementary report.

### **Recommendation**

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

- 7.9 – Caulerpa Response Plan

**TITLE:** **Caulerpa Response Plan**

**From:** Don McKenzie, Pou Tiaki Pūtaiao - GM Biosecurity; Simon Crabb, Finance Manager and Bruce Howse, Pou Taumatua – Group Manager Corporate Services

**Authorised by:** Jonathan Gibbard, Tāhūhū Rangapū - Chief Executive Officer, on 23 June 2024

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### **Executive summary/Whakarāpopototanga**

Caulerpa was detected in May 2023 at Omākiwi cove. A recent assessment shows that the economic impact of an uncontrolled Caulerpa outbreak in Pēwhairangi (Bay of Islands) is likely to range between \$40 and \$98 million over the next thirty years.

It is estimated a total of \$4M dollars will have been spent on eradication by mid-July comprising \$3M of funding from Ministry for Primary Industries (MPI) and \$1M of Northland Regional Council (NRC) staff time and operational expenditure.

Funding of \$1M is required to maintain and repair the equipment used to remove Caulerpa and sustain ongoing eradication over the next 2 months. However, while MPI are considering ongoing funding options, no funding is currently secured. Council could, as an interim measure, provide bridging finance to demobilise, remobilise and continue removal over the next couple of months by withdrawing capital from the Regional Projects Reserved monies held in councils Long Term Investment Fund (LTF). Any provision of bridging finance would be subject to MPI confirming they will provide reimbursement in full, and upon receipt this money will be used to repay the LTF. To prevent a lower level of LTF gains (due to a lower capital base) having any negative impact on councils operating funding, the gains budgeted to be reinvested (rather than used as general funding) will be reduced at the end of the 2024-25 financial year.

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### **Recommendations:**

1. That the report 'Caulerpa Response Plan' by Don McKenzie, Pou Tiaki Pūtaiao - GM Biosecurity; Simon Crabb, Finance Manager and Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 20 June 2024, be received.
2. That council supports the withdrawal of \$1M from the Long-Term Investment fund to pay for ongoing removal of Caulerpa, and repairs and maintenance on the barge and other equipment, subject to MPI confirming in writing that they will provide reimbursement in full.

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### **Options**

<b>No.</b>	<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>1</b>	Approve funding of MPI from the Long -term Investment fund on the condition MPI reimburse the full amount.	Provides the best opportunity for Caulerpa eradication at Omākiwi.	Funds are not available to generate revenue in the Long Term Fund.

No.	Option	Advantages	Disadvantages
2	Do not fund	Funds remain in the LTF generate revenue for council.	Caulerpa continues to spread while future funding is confirmed by MPI.

The staff's recommended option is **Option 1** - noting that this is subject to MPI providing written confirmation that they will reimburse council for these funds.

## Considerations

### 1. Climate Impact

This decision does not have any direct effect on climate change and any indirect effects are unknown.

### 2. Environmental Impact

Caulerpa is predicted to spread rapidly and have severe consequences for marine biodiversity and our regional economy. Funding further action to eradicate Caulerpa in Pēwhairangi would help safeguard tourism, fisheries industries and protect marine habitats.

### 3. Community views

Staff are aware that the community feel strongly about the need to eradicate Caulerpa and prevent its spread and public submissions on the Long-term Plan 2024-2034 supported the proposal to fund further action.

### 4. Māori impact statement

Local hapu have provided strong leadership and support for the eradication of Caulerpa. It is anticipated that they would support the provision of bridging finance to continue these works while MPI confirms future funding.

### 5. Financial implications

Staff recommend that funding for the next stage of the Caulerpa eradication programme is withdrawn from the Regional Projects Reserved monies held in councils Long Term Investment Fund.

At the time of writing, the balance of the Regional Projects Reserved portion of the LTF was \$13.68m. \$11.15m of this \$13.68m is already committed as funding for other council projects – leaving \$2.53m available to be withdrawn subject to a council resolution.

A consequence of withdrawing capital from the LTF is that a lower level of gains will be generated (as an indication, gains foregone on \$1M earning the 1-year LTF average return is \$74k per annum).

Each year a portion of the LTF gains is used as general funding, and a portion is reinvested. To prevent a lower level of gains having any negative impact on councils operating funding, the budgeted reinvestment portion will be reduced at the end of 2024-25.

Any capital withdrawal from the LTF will be replenished upon receipt of a corresponding subsidy from MPI. Any withdrawal from the LTF is subject to MPI confirming in writing that they will provide reimbursement in full.

Any withdrawal of capital from the Long Term Investment fund will be in line with a recommendation from fund managers EriksensGlobal.

#### **6. Implementation issues**

The demobilisation and remobilisation of the barge and equipment to dry land must be fully planned and weather conditions favourable. The safety of crew and staff will remain a priority. Should this bridging finance not be approved it is likely that there will be an extended period of inactivity while MPI considers future funding.

#### **7. Significance and engagement**

The matter is considered of low significance and does not trigger council's Significance and Engagement policy because the council's decision to commit funding is conditional on MPI repaying the amount.

#### **8. Policy, risk management and legislative compliance**

The risk of NRC not being reimbursed the bridging funding is low, as appropriately binding written assurances that they will reimburse the funds will be sought from MPI prior to any withdrawal.

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### **Background/Tuhinga**

Caulerpa was first detected in Omākiwi Cove by hapū in May 2023 and now covers more than 50 hectares of the seafloor comprising patches and dense beds. A response launched by MPI has involved MPI, local hapū Ngati kuta- Patu keha and Northland Regional Council. A Controlled Area Notice (CAN) has been put in place by MPI to prohibit anchoring within the infected area and MPI allocated funding of \$3M to develop a new dredging technique. This funding has also paid for the eradication of small patches using benthic mats and funded the diver removal of small areas. NRC has contributed more than \$1m in staff time and operating dollars since the response began.

This marine species will radically alter marine biodiversity and is predicted to have an impact on tourism, inshore fisheries and aquaculture and be a deterrent to visiting foreign ships. A recent assessment of the costs shows that the economic impact of an uncontrolled Caulerpa outbreak in Pēwhairangi is likely to range between \$40 and \$98 million over the next thirty years.

Dredging operations to date has proved that counter rotating brushes fitted to a powerful venturi system and guided by GPS can be effective and is suitable to scale up. Removal of a tonne of Caulerpa onto a barge is possible every 10 minutes using the equipment however further improvements are needed to increase the rate of harvest and the ability to work at depths of more than 10 metres. There is also an alternative design using the venturi coupled to an underwater ROV that could be built, that could operate at greater depths, and which could provide for faster and more effective removal.

The current contract with MPI expires at the end of July 2024 and all operating funding will be spent by mid-July. The harvesting equipment requires maintenance and other repairs, and it will be prudent to demobilise during July and August when weather is at its worst to start removal again in early September. The costs associated with this next stage will require a minimum of \$200k for the repairs and \$500k in total per month or \$1M in total over the two months between mid-July and mid-September to pay for these repairs, remobilisation and ongoing removal. We also propose keeping the underwater diver actions going over July and August removing any small patches. Staff

would also utilise the \$100k of funding allocated as part of the Long Term Plan during this phase and continue to encourage MPI to assist with additional bridging finance.

We are also aware that MPI staff are putting forward a cabinet paper to Minister Hoggard in mid - July. Although the amount of funding being requested is not known it is expected to fund the management of Caulerpa into the future and an allocation is expected to be made to Northland.

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**Attachments/Ngā tapirihanga**

Nil