



**TARANAKI REGIONAL COUNCIL
2003/2004 ANNUAL REPORT**



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Mission Statement

Our mission is to work for the present and future benefit of the Taranaki region by:

- promoting the sustainable use, development and protection of Taranaki's natural and physical resources;
- safeguarding Taranaki's people and resources from natural and other hazards; and
- representing and advocating Taranaki's regional interests.

We will do this in a responsible and cost effective way that includes and encourages participation by the regional community and takes account of the Treaty of Waitangi.



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CHAIRMAN'S REPORT



David Walter
Chairman

On behalf of the Taranaki Regional Council it is my pleasure to present the Council's 2003/2004 Annual Report to the regional community.

This year involved a significant commitment of the Council to implementing the many policy and operational facets of the new Local Government Act 2002. In particular the workload committed to establishing the community's outcomes and then translating those into the Council's first *Long-Term Council Community Plan* was demanding.

As with its approach to most of its functions and responsibilities the no nonsense collaborative approach adopted by the Council resulted in the identification of community outcomes and the preparation and adoption of the *Long-Term Council Community Plan* in a timely and cost-effective manner.

Particular emphasis was placed on ensuring the readability and ease of use of the *Long-Term Council Community Plan*. Many Council long-term council community plans stretch to many volumes and many hundreds of pages. This makes them not only difficult to read but equally hard for the community to become involved, in a meaningful manner, in consultation. The Council has taken some pride in keeping the *Long-Term Council Community Plan* to one volume and about 100 pages whilst meeting all of its statutory obligations.

The community outcomes process was especially satisfying as it confirmed the Council's understanding of the value that the community places on a high quality environment for Taranaki. Furthermore it assisted in confirming that the collaborative approach undertaken over a number of years is paying dividends as the community is satisfied with the current state of the Taranaki environment.

Over and above this commitment to implementing the new Local Government Act, the Council has continued to focus on the efficient and effective delivery of its core functions. By any measure of achievement, 2003/04 was a successful operational and financial year. Financially, the Council is sound and in strong condition. The operating surplus for the year was some \$435,000 ahead of budget.

Operationally the Council had an exceptional and productive year across our range of activities. The preparation and implementation of riparian plans and protection continues to grow at significant rates. Two hundred and ninety-nine (112 last year) riparian plans were prepared during the year, addressing an additional 1,544 (481) km of stream banks. A portion of this



productivity gain is directly related to the Council's continuing investment in new technology. This places the Council well for the future as the dairy industry addresses matters such as the clean stream accord.

Other key operational highlights included:

- processing 568 resource consents (up from 511 in 2002/2003), within the statutory timeframes specified in the Resource Management Act 1991
- compliance monitoring of significant resource uses, which in general showed a very high level of compliance with consent and plan requirements
- responding to 558 (491—2002/2003) pollution incident notifications
- completing a review of the Port Taranaki navigation and safety by-laws
- supplying 95,000 plants (113,759—2002/2003), at cost, for the planting of stream banks to provide water quality protection
- extension of the self-help possum control programme, which now covers 190,370 ha on 2,930 properties
- commencing a review of the *Regional Policy Statement for Taranaki*



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- implementing changes to the delivery of civil defence emergency management services arising from the Civil Defence Emergency Management Act 2002
- progressing the development of asset management plans for the maintenance and enhancement of the Tupare and Hollard Gardens
- developing, in collaboration with the Stratford and South Taranaki District Councils, the Taranaki Regional Xplorer geographic information system website (launched in August 2004).

Part of the success of the Council is due to the commitment and leadership shown by the Councillors. The Council, through the contribution of all Councillors, has worked hard and well over the last three years. I would like to acknowledge and thank my fellow Councillors for their hard work and contributions, not only during 2003/2004, but over the full term of office, which concludes with the forthcoming local authority elections.

An organisation of this type cannot operate effectively without the contributions from a dedicated and professional management and staff under the astute leadership of Chief Executive Basil Chamberlain. I would like to take this opportunity to personally, and on behalf of the Council, thank all of the staff, management and external parties who have contributed to another successful year.

The Council is in a very sound financial and operational position. With the continued assistance of our community, we are able to look forward optimistically to our role in enhancing our region's future.

On behalf of the Taranaki Regional Council Councillors,

David Walter
Chairman

CHIEF EXECUTIVE'S REPORT



Basil Chamberlain
Chief Executive

Introduction

The 2003/2004-year was a busy and successful period. Record outputs were delivered across almost the full range of Council functions. For example, the number of consents processed, compliance monitoring programmes completed and riparian plans prepared were all well above previous highs. Programmes have been completed well within set performance targets including budget objectives.

These results were achieved without significant increases in input or resource requirements. In other words, the Council has continued to find efficiencies and smarter methods of operating. This is in no small way assisted by the fact that organisational relationships with key people, such as our farming community, are generally strong and constructive. With rare exception we and our partners find ourselves focused on clear and common goals.

This allows for our energies to be directed to the efficient provision of strategic programmes as opposed to resource-sapping disagreements.

That noted, acknowledgement is due to the Council's staff at the outset for their obviously high productivity. This derives from a straight forward embracing of a need to look for continuous improvement, a respect for the responsibilities of a public servant and an understanding of the need to provide value for rates expenditure. This culture is assisted by every officer knowing that what they do contributes tangibly in an agreed and planned way to outcomes that are important to Taranaki people.

Policy

The new Local Government Act 2002 impacted strongly on policy activities. A raft of new policy instruments, many requiring extensive public consultation and analysis, resulted in an extraordinary workload.

Of particular note was the considerable time and effort that went into running a process to identify community outcomes for the future of the region.



This was a collaborative exercise run jointly over most of the year with the region's three district councils. It was sensible for all councils to work together on this exercise. The work was completed earlier than required by law and within a timeframe that allowed the results to be incorporated into the front-end development of each Council's long-term council community plan. This demonstrated how well the local authorities of Taranaki can co-operate when opportunity presents.

One of the interesting findings from the outcomes process as recorded in the report *Future Taranaki* was the very high importance that our community places on the quality of the region's natural environment. Although of high value, our community was relatively satisfied with the present state of our environment, unlike other outcome areas such as health where it was felt more effort was required to meet needs.

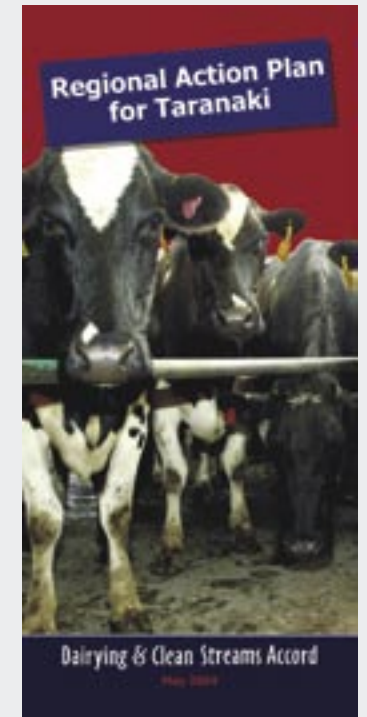
The community outcomes process was recently nationally recognised by the award of a commendation at the 2004 New Zealand Post Management Excellence Awards.

Aside from the absorbing task of completing the community outcomes process, the related first *Long-Term Council Community Plan* and a range of other associated Local Government Act 2002 instruments, the Council also progressed a number of other strategies and policies during the year.

A coastal access study was completed. This inventory of significant coastal areas found that most sites have good public access. It will provide a valuable resource for coastal policy work.

The *Dairying and Clean Streams Accord Regional Action Plan for Taranaki* was completed and distributed to all dairy farmers. This plan, which has the benefit of drawing on existing programmes that have improved the environmental performance of dairy farms, is an important milestone in keeping Taranaki dairying at the forefront of international competitiveness.

A *Regional Waste Strategy for Taranaki* was adopted. Like the previously referred to outcomes process, this strategy could only sensibly be developed as a joint local authority exercise and that occurred very successfully. The strategy deals with waste at all levels, from minimisation





to disposal, and with all forms of waste. Taranaki is relatively well-advanced in waste management and many of the regional targets exceed those in the national strategy.

Work also commenced on the ten-year review of the *Regional Policy Statement* and on the *Regional Land Transport* and *Passenger Transport* plans.

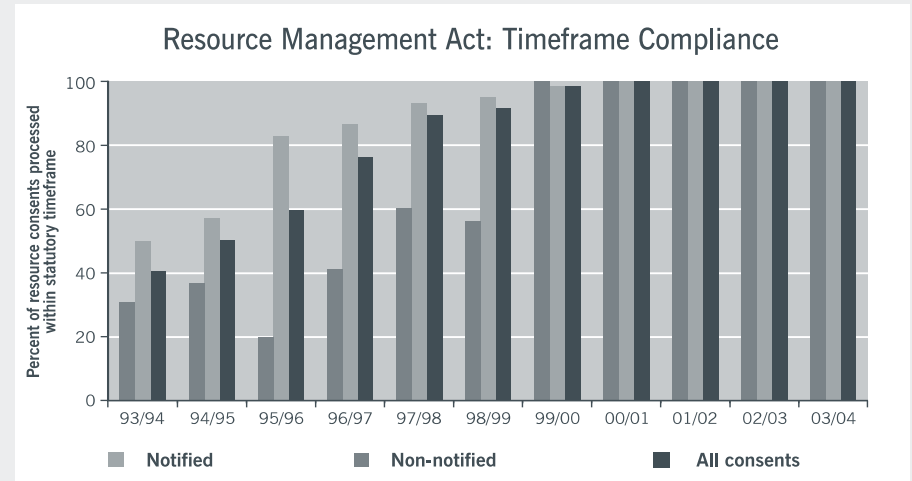
The Council also responded in an advocacy role to a wide range of issues often associated with Government proposals. These issues included foreshore and seabed policy, aquaculture, land access and proposals to amend the Resource Management Act. Staff expert advice was regularly provided to national policy forums and advisory groups.

Resource consents and compliance

Five hundred and sixty-eight consent applications were processed during the year. This represented an increase of approximately 11% over the previous year and was mainly attributable to the relatively buoyant state of the regional economy.

The majority of applications (99%) were processed without public notification. For the fourth year in a row, all applications were fully processed within the statutory timeframes. This was an excellent achievement and a credit to those involved in this activity.

The pre-hearing process has continued to be used successfully. Only one hearing was held during the year. No Council decisions were referred to the Environment Court.



For some years, the Council has been participating in the development of a national database of consent processing information, co-ordinated by regional councils in recognition of the need to provide factual information on consent processing performance, including reliable comparative information to assist in developing good practices. The Council also provides information to a similar Ministry for the Environment information database on consent activities which covers the performance of all local authorities. The relative performance of the Council is notably high.

The Council implemented 168 individually-tailored monitoring programmes during the year. These were associated with 232 different resource consent holders and 779 resource consents. The programmes required 1,024 inspections, 1,508 water samples, 366 air samples, 74 freshwater biological surveys, 15 shellfish surveys, and 21 marine ecological surveys. Inspections and sampling covered site management, abstraction and discharge quality, and receiving environment or impact monitoring. From an overview, a total of 88% of consent holders achieved either a high or good level of performance and compliance.

Officers visited 2,122 dairy farms, 26 piggeries and 48 poultry farms to inspect waste treatment systems. Inspections included the measurement of various water quality parameters in effluent and/or receiving waters. A reinspection rate of only 5% was necessary to ensure required improvements were made. This reinspection rate was the same as that for the previous inspection round.

In addition to agricultural systems, 862 inspections were undertaken of minor industrial systems. A very creditable 3% reinspection rate occurred.

CHIEF EXECUTIVE'S REPORT

There were 558 pollution incidents reported to the Council during the year. Most of these were associated with freshwater incidents, mainly unauthorised waste discharges (61%). Air, mainly smell, complaints were the second largest category of reported incidents at 29%. The Council continues to place a very high emphasis on responding to, and acting on, pollution complaints and ensuring that consents and plan requirements, once granted, are complied with.

State of the environment reporting

The Council continued to implement its extensive state of the environment monitoring programme during the year. Some 23 separate programmes were scheduled and completed. These covered a wide range of examinations which together comprised over 1,500 inspections, sampling runs and surveys at over 300 monitoring sites in the region. The Council places substantial emphasis on being informed, hopefully as soon as possible, about trends, wanted, unwanted or otherwise in the state of the environment, so that as a community we can take considered and timely actions.

The Council's major 5-yearly state of the environment monitoring report titled *Taranaki – our place our future*, which was released with significant publicity last year, saw the Council receive the New Zealand Planning Institute's Award of Merit for meritorious contribution to the practice of planning. Not only did Taranaki's state of the environment report contain mainly good news in respect of the quality of our environment and the general trends present, but the region's approach to measuring and reporting has also been recognised as at the cutting edge of best practice.



Resource investigations

A number of investigations and research programmes continued to be progressed or implemented during the year. Several of these are joint venture projects with organisations such as Crown Research Institutes. The Council is committed to continuing to invest at an appropriate level to improve its knowledge of issues to aid sound decision-making.

One reasonably new area of work during the year involved a jointly-funded effort with district councils to develop waste minimisation pilot studies in eight selected sectors in the region. The purpose of these sector studies is to work with 'normal' representatives of these sectors to examine ways in which waste can be reduced during the 'tos and fros' of everyday business and to then take those examples out to the rest of each sector. To date, the approach is showing hopeful signs and is being well received.

A second investigation during the year was of rural wastes to examine with greater precision what waste is being produced within our rural community and what options might exist to better address the rural community's needs into the future. Again, this study was a good example of joint co-operation.

In 2003/2004, the Council completed a systematic investigation to identify and assess all potentially contaminated sites in Taranaki. Every site was categorised according to national classifications, with a view to remediation or management if necessary. This investigation involved an assessment of 1,013 industrial, residential, and commercial land use sites against Ministry for the Environment land use registers and Rapid Site Assessment protocols, for possible contamination. As at February 2004, the Council had identified seven sites where the level of contamination posed unacceptable risks and active intervention by the Council was warranted, 223 sites where there was some contamination but where there was no unacceptable risk, taking into account land use and site management, and 785 sites where there was no evidence of contamination. With support from the two district councils concerned, the Council successfully carried out site remediation works at the seven sites (five in North Taranaki and two in South Taranaki), with the work independently audited to verify remediation.

At the end of the 2003/2004 year, the Council was preparing to notify all owners or occupiers of properties listed on its register of Selected Land Uses, to advise them of the Council's work and to confirm the accuracy of the records. Once completed, the information for each site will be publicly available confirming that Taranaki is now free of any known significant contaminated land use sites.

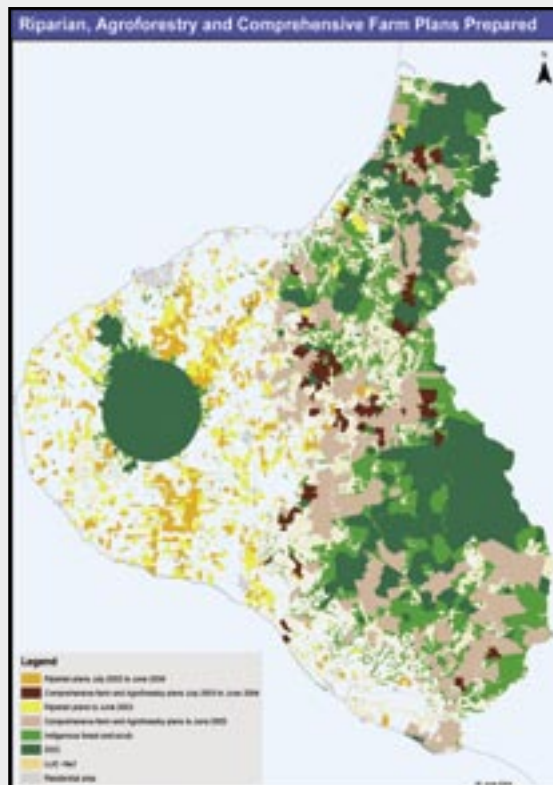


Land management

Land management services continued to be well received during the year. Public demand for sustainable land management advice continues to grow.

Council advice is normally provided at a property scale through a range of plans:

- comprehensive plans that are based on detailed land resource mapping and the incorporation of all aspects of the farming operation and business into a whole farm package
- agroforestry plans which provide more detail on agroforestry or forestry proposals
- conservation plans which provide site or issue specific advice for often a small part of a property
- riparian plans, which provide site-specific advice on stream bank protection and planting, primarily for water quality protection.



Thirty-seven comprehensive, one agroforestry and 14 conservation farm plans were prepared for farmers during the year. These plans brought an additional 16,884 ha of land under some form of sustainable land management plan.

Outstanding growth continued in the development of riparian plans. Nearly 300 were prepared, almost three times the previous year. These plans addressed fencing and planting for an additional 1,544 ha of stream bank, well ahead of our projected target.

Plan implementation did not experience similar growth as reflected in a slight decrease in the provision of riparian plants through the Council's bulk purchasing scheme. This was unsurprising given the difficult economic season for dairy

farmers. That noted, there were 95,000 plants provided during the period, which translates into a significant planting effort by Taranaki landholders.

During the period, \$78,000 was spent on works to protect significant wetlands. The Council also continued to administer and service the Taranaki Tree Trust including for the first time a financial contribution to the Trust's operations. During the year, the Trust assisted with a number of projects including the Herekawe Stream Walkway project and the launch of the *Treescaping Taranaki* booklet.

Towards the end of the period, agreement was reached on a regional action plan to give effect to the national *Dairying and Clean Streams Accord* in Taranaki. The regional plan is based around programmes already well established in Taranaki and in particular the riparian planning service. Taranaki has a substantial task ahead over the next decade but with the Council, Fonterra and our farmers working together to an agreed programme, the task is realistic and achievable.

Flood control and emergency management

Between February and June 2004 a series of very high rainfall events hammered the region. The impacts from these events will be felt for several years. Around the ring plain, mountain erosion has led to bed aggradation with quite severe bank erosion at many locations. The Stony and Waiaua rivers have been amongst the worst affected, consistent with their historical behaviours.

The Council has responded with a large number of advisory visits and in several instances control works have been organised and funded where unusual circumstances have existed. Gravel build-ups in some rivers are now such that the Council is likely to be actively promoting carefully-planned extraction over the next few years to assist in the restoration of channel equilibriums. Several years ago, the Council all but banned channel shingle extraction because of over-mining issues, but now acknowledges the need to review that position in the face of the changes wrought by extreme weather conditions.

The Council's two significant flood control schemes on the Waitara and Waiwhakaiho rivers were also severely tested by the dramatic weather events. They performed their roles in keeping adjacent communities safe from flood with relatively little damage. Adverse weather conditions did, however, postpone routine maintenance activities.

To the south, Waitotara township was flooded during the major February 2004 event that wreaked havoc across the lower North Island. There is no flood protection scheme for the Waitotara River and township. The Council has clearly signalled that the provision of flood protection works such as stopbanks is not viable. This position was clearly stated a decade ago and reiterated on review following the February flooding.



CHIEF EXECUTIVE'S REPORT



However, investments have been made to improve flood warning systems for the area. In addition, it is apparent that uncontrolled willow growth throughout much of the catchment has congested the flood channel and the Council is planning to implement a channel maintenance programme. This programme will reduce but by no means eliminate flood damage risk in the area.

A civil defence emergency was declared for the Waitotara area managed by the South Taranaki District Council. Regional Council staff assisted that response in a number of capacities and in particular emergency management officers put in some long hours during and after the event.

The South Taranaki emergency is likely to be the last to be managed under the old civil defence arrangements. New legislation, requiring an 'all hazards' approach to emergency management at a wider regional level, has resulted in significant work in the past year to ready the region with new plans, systems and organisational structures. That task has proceeded very well with good co-operation amongst councils and others.

The joint council governance group, the Civil Defence Emergency Management Group, has been serviced by the Taranaki Regional Council and its work greatly assisted by the Co-ordinating Executive Group chaired by Inspector Knox of the Police. At period end, the Group's Plan had been developed to public submission stage. Agreements have also been reached to move to a single regional response capability for Taranaki and systems reviews are well advanced to give effect to those agreements.

The Council's emergency management office continued to provide a range of planning, training and awareness-raising services throughout the region in addition to the abnormal response and reorganisation activities.

Pest animal and pest plant management

The Council's two pest management strategies were successfully implemented during the year. Implementation of the Self-Help Possum Control programme on the Taranaki ring plain continued to be the primary pest animal focus, under the Council's *Pest Animal Management Strategy for Taranaki*.

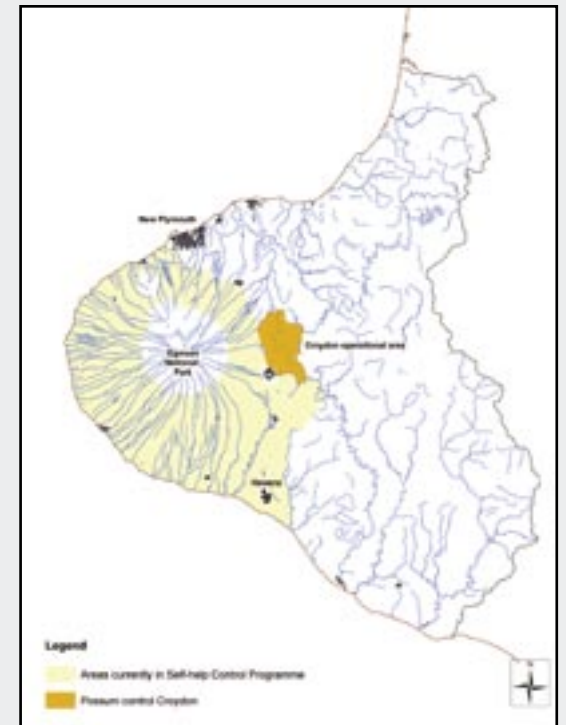
During the year, the programme area was expanded by around 10,850 ha. Areas are included only after the Council has obtained at least 75% occupier support, recognising that following initial control by the Council, occupiers are then required to take responsibility for ongoing maintenance. There was over 93% support for the programme to be extended into the Croymore area. Initial treatment resulted in a reduction in residual trap catch from 34% to under 3%.

By year end, 9,430 properties comprising 190,000 ha had been incorporated into the self-help possum control programme. This represents 85% of privately-owned land on the ring plain.

The Council rigorously monitors the scheme area to ensure low possum rates are maintained by occupiers. Compliance by property owners is exceptional. No notices of direction or other enforcement actions were required last year. Across the whole area, mean trap catch rate averaged 3.2%, well below the 10% target.

The use of external contractors for initial control work continued to be effective and competitive.

The self-help programme is an outstanding example of a local authority facilitating and empowering the land occupiers to actively manage an environmental and agricultural pest to achieve results that could not have been attained by the Council acting on its own or simply leaving the issue to private individuals to address.





There are lessons from this programme for future approaches to managing biodiversity issues. Where active management is required by landowners, they must be facilitated and encouraged to own their bit of the problem and to work collectively towards community objectives. For many of these issues, the primary role of the local authority is to inform, empower and facilitate, with rule-based enforcement being used to address exceptional circumstances only. Commonly agreed objectives, clarity of roles, sharing of tasks and goodwill are the fundamental components for successful nature conservation activities on private land.

The *Pest Plant Management Strategy for Taranaki* was also implemented as required. Promotion and enforcement of ragwort control continued to be a major focus, although compared to a decade ago the ragwort problem in Taranaki is much reduced. One hundred and sixty-nine notices of direction were issued during the year. This number was up on the previous year, largely because the Council has placed a higher emphasis on the control of a number of environmental weeds such as wild ginger. All notices were satisfactorily complied with.

The Council continued its programme of releasing biological control agents to assist in pest plant control throughout the region. Of particular interest this year was experimental work with AgResearch with a fungus to control giant buttercup. The Council also inspected 28 plant nurseries and retail outlets were also inspected. One-hundred and three complaints and inquiries about plant pests were actioned during the year. There continued to be an emphasis on raising awareness and assisting people with the transition to managing some plants not previously controlled by rules, such as chilean rhubarb and common and purple pampas.

Transport

Transport activities occurred as programmed during the year. The regional component of the *Regional Land Transport Strategy* was completed in all respects.

Total mobility services were provided to people with disabilities in the urban centres of New Plymouth, Bell Block, Waitara, Inglewood, Stratford and Hawera. A total of 89,914 passenger trips were financially assisted during the year. The budget again required upward adjustment to accommodate demand growth.

The Council also provided funding for the delivery of a concessionary fare scheme for disabled persons and the elderly to use the urban buses in New Plymouth. A total of 52,503 passenger trips were subsidised through this scheme.

A comprehensive review of the *Regional Land Transport Strategy*, including regional passenger transport services, was commenced during the year. This review will involve extensive analysis and opportunities for public input.

The State Highway 3 Working Party met three times during the year. Three passing lanes on the highway between Awakino and Piopio were included in Transfund's 2003/2004 programme as advocated by the Working Party. Our neighbours, Environment Waikato, have been helpful in assisting progress.

A rural roads strategy was also completed during the year under the direction of another working party. This will assist in setting directions for rural roading within and across districts.

Further progress on stock truck effluent management saw a disposal facility finally in place at Ahititi.

The Council was pleased to see an increase in funding for the *National Land Transport Programme* restoring Taranaki's share to levels similar to earlier years from the 25% drop in 2002/2003. Very strong representations had been made on the need for more funding. Significant funding projects for Taranaki in 2003/2004 were the reconstruction of State Highway 3 at Okoki (\$1.8m), the Woolcombe Terrace seawall (\$1.6m) and design of the Bell Block bypass and Mangaone Hill four-laning (\$0.87m).

New land transport legislation enacted during the year will result in significant changes to the way land transport has been planned, funded and implemented. The Council is carefully working through the challenges and opportunities associated with this new legislative environment.

On the maritime front, the Council continued to administer navigation bylaws for Port Taranaki through its harbourmasters and honorary enforcement officers. Responsibilities for pilot licensing came under the direct jurisdiction of the Maritime Safety Authority during the year. The Authority also released a draft *New Zealand Port and Harbour Safety Code*, which the Council has engaged in discussions on. Implementation of the code is expected to be a relatively straight forward exercise for Port Taranaki. Exercises, testing oil spill response plans and equipment were undertaken as scheduled.

Recreation, culture and heritage

The Council continued to rate to cover some of the costs for the development of Yarrow Stadium. The stadium attracted a wide range of audiences and events during the year and is widely regarded as an excellent regional venue. Attracting events to the region, such as a rugby match involving England and New Zealand Māori, or the 2005 Lions, or a Sri Lankan international cricket match, would simply not have occurred without the development.

During the year, the Trust vested the stadium assets with the New Plymouth District Council in a move that was supported by the Regional Council and consistent with the Regional Council's strategy for the project.



CHIEF EXECUTIVE'S REPORT

In conjunction with the Pukeiti Rhododendron Trust, work continued on the development of asset management plans for Pukeiti and the two Council-owned gardens of Tupare and Holland Gardens.

These exercises have made extensive use of local and wider expertise and Council looks forward to their finalisation in the near future.

Information

The Council has continued to place emphasis on the provision of information to the public and on the development of quality information systems.

A major effort was directed at getting as much of the Council's database information as possible out to the public through the internet during the year. This was in the form of the Taranaki Regional Xplorer which was recently launched in the region. Xplorer is a public inquiry portal for the delivery of a broad range of geographical information about the region. This development has been a collaborative GIS solution initiated by the Regional Council but also involving Stratford and South Taranaki district councils.

Xplorer enables the user to view a wide variety of data including aerial photography, land parcel boundaries, topographical databases such as roads and rivers, resource consents data

and infrastructure services data. The presentation of a joint district and regional council information service in this way has been a New Zealand first. Feedback from users has been impressive and the Council's website usage has doubled since Xplorer went live.

Environmental awards were presented to eleven recipients during the year. A good level of applications continue to be received for these annual awards which provide an insight into the many and varied activities that dozens of people are undertaking to enhance where we live.

A continued emphasis was placed on providing educational material and other forms of assistance to schools, especially on environmental matters. Four issues of the school-oriented *S.I.T.E.* newsletter were produced. Seventy-five units of work covering topics from recycling through to emergency management were sent out to schools. About 1,000 people were hosted through the Council's biology laboratory. There were about 150 class visits and field trips and several days of seminars with school teachers to assist them in the teaching of environmental education relevant to Taranaki.

In addition to the above activities, three issues of the Council's newsletter *Recount* were published and widely distributed and, as always, several hundred requests for information on a wide range of topics were responded to.

Investments

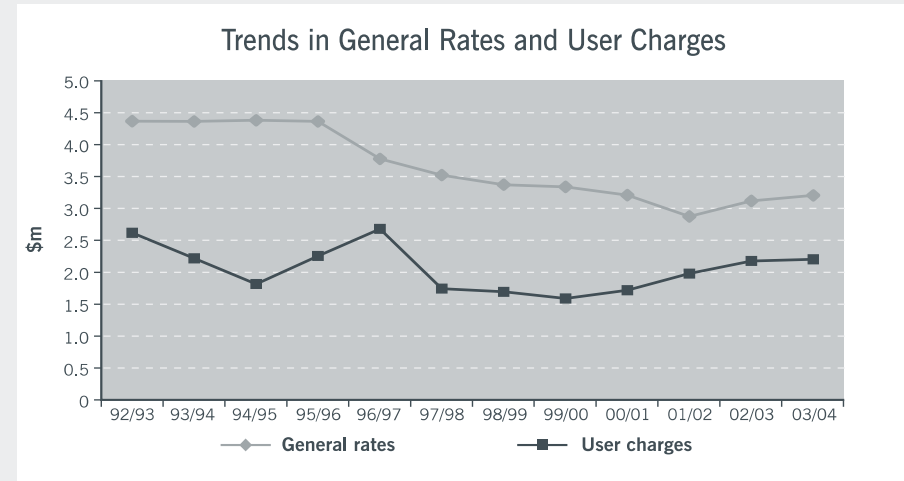
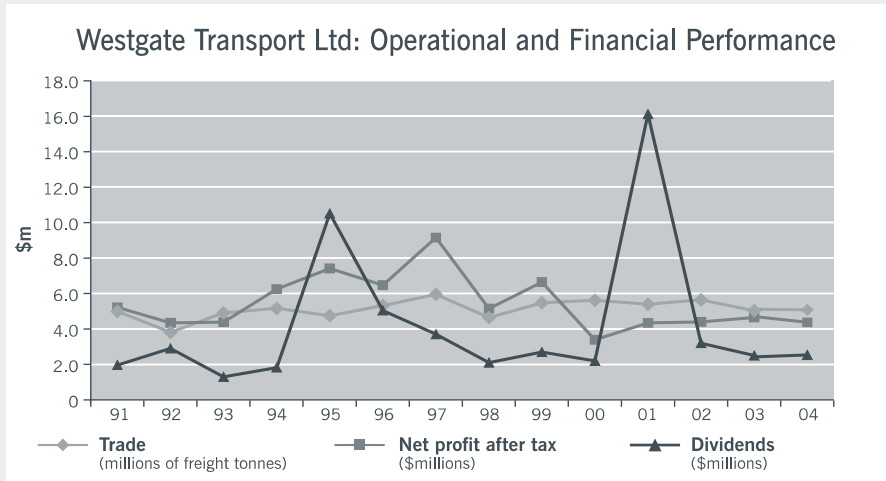
Consistent with expectations, Westgate Transport Ltd recently reported on a period of reduced trade, revenue and profit. The effects of the Maui field rundown were evident, especially so in methanol trade where tonnages were half those of the previous period.

Total revenue for the period was \$28.08m against \$29.89m for last year. Tax paid profit for the year was \$2.52m, down from the previous year's \$4.65m. This represents a return of 6.9% on average shareholders funds employed during the period. Total shareholders equity decreased slightly to \$53.23m.

The Westgate Board is assertively facing the challenges of the future with a range of initiatives including diversifying the trade base. The Council has been advised to expect a further two difficult years associated with the continuing decline of Maui. Steps have been taken to mitigate the impacts of temporarily reduced dividend returns on the Council's other revenue streams.

During the year, the Council also continued to receive income from leasehold lands and cash investments. Land rentals provided an average 5.9% return and cash investments a 5.6% return over the period.





Financial

The Council finished the year with a surplus of \$1.31m, which was \$0.44m ahead of budget. The budgeted surplus recognised that the Council has targeted rates in place that will continue for the next several years to recover approximately two-thirds of the funding provided for redevelopment of Rugby Park into Yarrow Stadium.

Total expenditure was \$9.65m, which was 3% less than budget. Most activities ran according to budget. Where over-expenditure occurred, it was normally at least matched by recoveries, for example, in consent processing where activity was higher than expected.

The Council's financial position remains very strong with no public debt. The Council achieved or exceeded all of the financial targets estimated for the year in its *Long-Term Financial Strategy*. Similarly, the Council complied in full with its *Revenue and Financing Policy* and *Investment Policy*.

Acknowledgements and outlook

The efforts of the Council's staff are gratefully acknowledged. They enjoy their work, largely because they are good at what they do and they get results.

Regional councillors have continued to provide sound and clear direction in a way that has always been constructive under the wise guidance of Chairperson, David Walter. The Council looks forward to an election early in the new financial year. That occasion is also being taken as an opportunity to test public opinion on whether the Council should have a separate Māori electoral constituency in the future.

The Council has enjoyed a very successful year. Our work programmes, most of which are implemented in partnership with many other people and organisations, are delivering for important community outcomes. The Council is financially strong and well-resourced. We look forward with confidence to continuing to work with our community in fulfilling our role.

Basil Chamberlain
Chief Executive



GOVERNANCE REPORT

Role of the Council

The publicly elected Councillors have overall responsibility and accountability for the direction and control of the Council's functions.

Structure of the Council

The Council is made up of ten Councillors, elected as follows:

| | |
|-----------------------------|---------------|
| New Plymouth constituency | Four members |
| North Taranaki constituency | Two members |
| Stratford constituency | One member |
| South Taranaki constituency | Three members |

Taranaki Regional Councillors



David Walter
Chairman
Stratford



Roger Maxwell
Deputy Chairman
North Taranaki



Tom Cloke
New Plymouth



David Lean
New Plymouth



Barry Marsh
New Plymouth



Ian Armstrong
South Taranaki



David MacLeod
South Taranaki



Neil Walker
South Taranaki



Donald McIntyre
North Taranaki



Claire Stewart
New Plymouth
(Resigned December 2003 - Position Vacant)



Council committees

In formulating its committees, the Taranaki Regional Council is required to take into account the dictates of the Local Government Act 2002. This Act requires that a local authority should ensure that, so far as is practicable, responsibility and processes for decision-making in relation to regulatory responsibilities is separated from responsibility and processes for decision-making for non-regulatory responsibilities.

With the exception of the Executive and the Consents and Regulatory Committees, the Council has decided to appoint non-Council representatives to its various committees as a means to increase the breadth of input to the decisions made by the Council.

The Civil Defence Emergency Management Group is a Joint Committee established under the Civil Defence Emergency Management Act 2002. The Taranaki Regional Council is a member of this Group along with members from the New Plymouth, Stratford and South Taranaki district councils. The Taranaki Regional Council is the administering authority for the Joint Committee.

Te Putahitanga o Taranaki – the Council’s Māori liaison committee – was established in the early years after the Council’s formation. Its purpose was to act as a forum for discussion and a source of advice to the Council on issues of interest or concern to Māori, particularly with respect to resource management issues, and to ensure those issues were reflected in the Council’s policies, plans and activities.

Te Putahi has played a significant role in establishing the Council’s policies in regard to the principles of the Treaty of Waitangi and on resource management issues of significance to iwi. These policies and plans are now firmly in place and continue to guide the Council in carrying out its activities.

However, faced with other demands on matters not directly associated with the Council’s business, some iwi have not seen continued representation on Te Putahi as a priority. There have also been issues with rights of representation which remain unresolved. As a consequence, Te Putahi has been inactive in recent years. A review of the role of the committee initiated by iwi has not been completed. The Council continues to seek to maintain effective working relationships with individual iwi and hapu in its day-to-day activities.

Te Putahitanga o Taranaki will continue as a non-active Standing Committee of the Council until such time as there is greater clarity on its future role.

Taranaki Regional Council

Committees

| Executive Committee Councillors | Policy and Planning Councillors | Consents and Regulatory Councillors |
|--|--|--|
| David Walter <i>Chairman</i> Roger Maxwell David Lean Neil Walker | Neil Walker <i>Chairman</i> Donald McIntyre Ian Armstrong David Lean David MacLeod Kevin Thomas <i>Rural Land Users</i> John Rowe <i>District Councils</i> | David Lean <i>Chairman</i> David MacLeod Ian Armstrong Tom Cloke Donald McIntyre Barry Marsh |
| Regional Land Transport Councillors | Te Putahitanga o Taranaki | Civil Defence Emergency Management Committee |
| Roger Maxwell <i>Chairman</i> Barry Marsh Tom Cloke Gay Andrews <i>NPDC</i> Brick Mathieson <i>SDC</i> Gordon Lawson <i>STDC</i> Clarke Weir <i>Commercial Road Users</i> Bill Arthur <i>Non-commercial Road Users</i> Erroyl Christiansen <i>Transit New Zealand</i> Ian Hunter <i>Transfund New Zealand</i> Darryl Harwood <i>Road Transport Safety Authority</i> John Geraghty <i>Road Transport Association</i> Francis Small <i>Tranz Rail Limited</i> Fiona Prestidge <i>New Zealand Police</i> | | Roger Maxwell <i>Chairman</i> <i>Taranaki Regional Council</i> Peter Tennent <i>New Plymouth District Council</i> Brian Jeffares <i>Stratford District Council</i> Mary Bourke <i>South Taranaki District Council</i> |



GOVERNANCE REPORT

Governance systems

The full Council and main Council committees meet on a six-weekly cycle, with other meetings convened as necessary. Agendas and minutes from all meetings are publicly available for scrutiny. The Council is confident that its adopted structure and approach provides an efficient basis for the sound consideration of issues and the making of good decisions, and that the requirements of the Local Government Act 2002 are being met.

Division of responsibility

The Council operates a clear division of responsibilities between the role of the Council and that of management as required by the Local Government Act 2002. The Council's focus is on setting strategy and policy together with monitoring its implementation. Management is responsible for the implementation of the Council's policy and strategy decisions.

While many of the Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that the specific objectives of the Council are achieved.

Legislative compliance

As a regulatory body, the Council administers various regulations and laws. As such, the Council considers it vital that it also complies with relevant legislation. Members and management of the Council are cognisant of the Council's legislative requirements. Where necessary, legal advice is obtained to ensure legislative compliance.

Environmental compliance

Many of the Council's activities are focused on promoting the sustainable use, development and protection of the environment. Both regulatory and non-regulatory methods are employed, and a range of different types of monitoring is undertaken, to test the effectiveness of these methods.

However, in addition to its overall environmental management role in the region, which is substantially focused on the activities of external parties who use environmental resources, the Council itself occasionally engages in resource use activities in undertaking its functions. Where that occurs, the Council has systems and procedures in place to ensure that its own actions comply with at least the standards expected of all other resource users. These include requirements to apply for and obtain necessary consents, the use of independent persons to make decisions on consent applications, and the implementation and public reporting of effective compliance monitoring.



THE TARANAKI REGION

In reviewing the year's performance, it is important to consider the key factors that may influence the region, and therefore, the actions of the Taranaki Regional Council. These factors include geographical, social, economic, environmental and political influences.

The region

The Taranaki region covers a land area of 723,610 hectares, reaching as far north as the Mohakatino catchment, south to include the Waitotara catchment and inland to the boundary of, but not including, the Whanganui catchment. The region extends 12 nautical miles offshore to include the waters of the territorial sea.

Taranaki consists of four distinctive landforms, each of which requires a different type of environmental management. The Taranaki ring plain, centred on Mount Taranaki/Egmont, consists of fertile and free-draining volcanic soils. The ring plain supports intensive pastoral farming, particularly dairying that is most intensive on the flatter land in southern Taranaki. A large number of rivers and streams, which radiate from Mount Taranaki/Egmont, are extensively used by the agricultural sector, for community water supplies and for a wide range of recreational purposes.

To the east of the ring plain lies the Taranaki hill country, comprising siltstones, sandstones and mudstones, known locally as papa. The topography of the hill country is steeply dissected and is prone to soil erosion and slipping, but can support both pastoral farming and commercial forestry when managed in accordance with the physical limitations of the land.

The coastal terraces along the north and south Taranaki coast make up the third major landform feature of the region. The soils of these areas are among the most versatile and productive in the region but the combination of light, sandy soils and strong winds in some areas can lead to localised wind erosion.

The Taranaki coastal environment is the fourth of the major landforms. The region is exposed to the west and as a consequence, high-energy wave and wind conditions dominate the coastal environment. There are few areas of sheltered water beyond the major estuaries such as the Tongaporutu, Waitara and Patea rivers, and the confines of Port Taranaki.

The Taranaki region has a temperate climate with generally abundant rainfall. The incised nature of ring plain streams means that flooding is not a major problem. However, occasional intense rainfall events can lead to rapid rises in river levels and flooding in hill country valleys and elsewhere.





THE TARANAKI REGION

The people

As at the March 2001 census, the total population of Taranaki was 102,858, accounting for 2.8% of New Zealand's total population. The region experienced an estimated 4% decrease in population over the last ten years. In the most recent census period (1996-2001), the population in the region decreased by 3.5%.

Population changes have also varied within the region. The most notable feature has been the continued growth in the proportion of the population residing in the New Plymouth district, which, in 2001, contained 64.7% of the region's population. Both Stratford and South Taranaki districts have experienced declining populations over the last ten years.

The general trend has been for a decrease in the population of smaller rural towns and an increased concentration of population in north Taranaki.

The Taranaki population is both older and younger than the national average, with a higher proportion of children under 15 years and adults over 65 years of age. This may be in part due to lifestyle factors, as Taranaki is seen as an attractive and desirable area for family living with good facilities and affordable housing.

The percentage of Māori within the region continues to increase from 11.3% in 1986 to 14.7% at the 2001 census.

The economy

A notable feature of the Taranaki region is its reliance on the region's natural and physical resources for its social and economic wellbeing. Farming and other land-based activities continue to play a prominent role in employment.

Over 16% of the labour force are employed in agriculture and fisheries, compared with 8.3% nationally.

Dairying dominates farming in Taranaki, particularly on the ring plain. There are over 2,100 dairy farms, producing approximately 14% of New Zealand's total milksolids. In addition to direct farm income from milk production, the added value by the processing of milk, whey and cheese manufacturing, is a significant contributor to employment.

Sheep and beef farming are concentrated in the hill country and also play an important part in the regional economy.

Exotic forest plantations continue to expand, with the region offering a suitable climate, good forestry sites and a well-established roading system and port facility. There has been a marked

increase in exotic forest plantations in the region from 9,700 hectares in 1990 to an estimated 28,000 hectares in 2002.

The oil and gas industry is a major contributor to the regional economy. The Taranaki Basin is currently New Zealand's only hydrocarbon producing area, with the Kapuni and the offshore Maui fields making up the major part of New Zealand's natural gas resources.

Extensive drilling programmes over recent years in an effort to support the Kapuni and Maui fields have resulted in five significant finds. The Mangahewa onshore gas and condensate field was discovered in 1997, the Maari offshore field in 1998 and the Rimu onshore field in South Taranaki in 1999. The nearby Kauri field was discovered in 2001. The Pohokura offshore gas field in North Taranaki, the largest gas and condensate find in 30 years, was discovered in 2000. Exploration interest in Taranaki remains high.

The presence of oil and gas in the region has given rise to new industries involved in the processing, distribution, use and export of hydrocarbons. Production stations or gas treatment plants are found at Oaonui, Kapuni, Waihapa, Rimu, Kaimiro and the McKee oil and gas field. Two methanol plants are located at Motunui and the Waitara Valley respectively. An ammonia urea plant is located at Kapuni, UF resin plant at Waitara and gas-fired power stations at Stratford and New Plymouth.

Tourism is playing an increasingly important role in the Taranaki economy, with approximately 448,650 total guest nights spent in the Taranaki region by domestic and international visitors in the last year. The major domestic tourist markets are the local north island regions and Auckland, with most international visitors coming from the United Kingdom and Ireland. The region's mountain, forests, gardens and parks are attracting increasing numbers of visitors for rural-based and outdoor recreation activities.

As an export-based economy, major changes in the world economy can significantly affect Taranaki. The regional economy is therefore more vulnerable to changes in overseas markets than larger urban-dominated regions.

Environmental issues

The use and quality of water is the major resource management issue in the region. Water is a vital resource for agriculture, recreation and industry and has profound cultural and spiritual importance to the community.

While overall water quality in the region is very good, particularly in the upper catchments, there is some deterioration in the lower reaches of rivers as a result of intensive agricultural land use.

With the continuing intensification of dairying, there will be increasing pressures placed on our water resources from farm run-off, sediment and nutrients. Increased efforts will be needed just to maintain current water quality and to improve quality where deterioration has occurred. Attention must continue to be given to promoting good land and riparian management practices.

Management of the many industrial, municipal and agricultural waste discharges from individual point sources has improved significantly over the years. These discharges are closely monitored. It is vital for Taranaki's future that all major discharges to land, water and air are carefully managed.

Where there are gaps in our knowledge of the resources of the region or the environmental effects of their use, necessary investigations and research must be undertaken to improve our understanding.

Other significant environmental issues facing the Taranaki region include:

- managing clearance of bush and scrub on steep hill country, resulting in soil erosion that degrades land productivity and water quality. Parts of the inland hill country experience significant soil erosion but changes to more sustainable land use practices and conversion to forestry present opportunities to address this
- controlling threats to indigenous flora and fauna and the economic costs faced by the region as a result of pest plants and pest animals
- managing the coastline and coastal waters in a way that recognises special ecologically and culturally sensitive areas within the coastal environment, and that allows appropriate use and development of the coast
- promoting protection of the region's remaining significant wetlands
- managing discharges of contaminants to air and maintaining the high overall standard of air quality
- managing the allocation of the region's surface water resources, especially for increasing interest in pasture irrigation.

Resource management issues and iwi

The tangata whenua, through the region's eight iwi: (Ngati Tama, Ngati Mutunga, Ngati Maru, Te Atiawa, Taranaki, Nga Ruahine, Ngati Ruanui and Nga Rauru), have particular concerns with respect to the natural environment, particularly water (surface water, groundwater and coastal waters), the allocation of that water, and the discharge of contaminants which might affect water quality.

Iwi wish to maintain meaningful and adequate input to Council decision-making and to have structures and processes in place to enable that to occur.

FINANCIAL TRENDS

| | Actual 2003/04 | Budget 2003/04 | Actual 2002/03 | Actual 2001/02 | Actual 2000/01 | Actual 1999/00 | Actual 1998/99 | Actual 1997/98 | Actual 1996/97 | Actual 1995/96 | Actual 1994/95 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General rates | \$3.2m | \$3.2m | \$3.1m | \$2.9m | \$3.2m | \$3.3m | \$3.4m | \$3.5m | \$3.8m | \$4.4m | \$4.4m |
| Percent change | 2.3% | 2.3% | 6.9% | -3.9% | -3.9% | -1.2% | -4.3% | -6.7% | -13.4% | -0.4% | 0.4% |
| General rates to income | 29.2% | 29.7% | 28.7% | 25.8% | 13.9% | 39.7% | 36.8% | 40.5% | 33.3% | 34.4% | 24.2% |
| Rates per \$100,000 capital value | \$27.14 | \$27.14 | \$30.72 | \$32.63 | \$36.72 | \$37.34 | \$37.60 | \$35.67 | \$37.53 | \$46.93 | \$51.71 |
| Total expenditure | \$9.6m | \$9.9m | \$9.7m | \$18.9m | \$8.4m | \$9.4m | \$8.2m | \$7.8m | \$7.5m | \$7.6m | \$8.0m |
| Percent change | -1.0% | 2.1% | -48.7% | 125.7% | -10.9% | 14.1% | 5.1% | 4.5% | -0.8% | -5.8% | -4.9% |
| Net operating surplus/(deficit) | \$1.3m | \$0.9m | \$1.2m | (\$7.8m) | \$14.6m | (\$1.0m) | \$0.9m | \$0.85m | \$3.8m | \$5.1m | \$9.5m |
| Working capital | \$1.3m | (\$0.3m) | \$2.9m | \$2.4m | \$1.0m | \$0.9m | \$2.1m | \$1.6m | \$4.2m | \$5.3m | \$9.3m |
| Current ratio | 2.1:1 | 0.8:1 | 2.8:1 | 2.7:1 | 1.6:1 | 1.4:1 | 2.7:1 | 2.4:1 | 4.4:1 | 4.5:1 | 2.3:1 |
| Total assets | \$59.8m | \$57.6m | \$58.1m | \$55.8m | \$63.5m | \$49.7m | \$49.4m | \$48.2m | \$47.3m | \$49.2m | \$55.7m |
| Public debt | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1.2m | \$7.16m |
| Public debt to total assets | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 2.5% | 12.84% |