Document: 488009

30 July 2008

Chairperson and Members
Executive Committee

Notice of Meeting

Notice is hereby given that a meeting of the **Executive Committee** will be held in the Taranaki Regional Council Chambers, 47 Cloten Road, Stratford on:

Monday 4 August 2008 commencing at 10.00am.

B G Chamberlain
Chief Executive

THE TARANAKI REGIONAL COUNCIL REQUESTS THAT THIS AGENDA REMAINS EMBARGOED UNTIL COMMENCEMENT OF THE MEETING

Agenda for the Executive Committee meeting of the Taranaki Regional Council to be held in the Taranaki Regional Council Chambers, 47 Cloten Road, Stratford on Monday 4 August 2008 at 10.00 am.

TARANAKI REGIONAL COUNCIL

Councillors		D N MacLeod D L Lean R F H Maxwell N W Walker	
In Attendance	Messrs Mrs	B G Chamberlain K van Gameren	(Chief Executive) (Committee Administrator)

Apologies

Notification of Late Items

TARANAKI REGIONAL COUNCIL

THAT the Taranaki Regional Council:

resolves that the public be excluded from the following part of the proceedings of the Executive Committee Meeting of the Taranaki Regional Council, namely:

Item 12: Annual Report

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
Item 12 –	Where the withholding of	NZS9202:2003

Annual Report	the information is necessary to protect information where the making 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.	Incorporating Amendment No.1 A2(b)(ii)

TARANAKI REGIONAL COUNCIL

		Pages
Item 12	**2007/2008 Annual Report - Draft**	54 - 70 **One Separate Report**
	• **Recommendations**	57

Document: 486729

ITEM ONE

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4 August 2008

Memorandum to
Chairperson and Members
Executive Committee

Financial and Operational Report

Purpose

1. The purpose of this memorandum is to receive information on the operational and financial performance of the Council and to confirm the use of the Council's Common Seal.

Background

2. The Council produces a Monthly Financial Report outlining the financial performance for the month and year to date. This memorandum supports the Monthly Financial Report by providing additional supporting operational and financial information. The Council operates its Common Seal under delegated authority. Part of that delegated authority is the reporting back of all Seal transactions.

Financial report

3. Attached is the Monthly Financial Report for May 2008. The financial results so far are good and in line with the *2007/2008 Annual Plan*. Notable financial variances to date are:

   - Policy and planning under budget $93,979—time spent on other areas, in particular transport planning services.
   - Consent processing and administration over budget by $110,724 due to higher than planned levels of activity. Compliance monitoring and pollutions incidents are under budget.
   - Land management is under budget by $652,596 due to timing and quantum of payment for riparian plants.
   - River control and flood protection under budget by $90,490. There are significant maintenance works presently being undertaken.
   - Land transport planning over budget by $56,440 – higher than planned levels of work with trials and tender.
   - Resource investigations and projects is over budget due to costs associated with the preparation of the State of the Environment Report.

- Environmental enhancement grants under budget by $75,154. The level of activity is lower than anticipated.

- Pest animal management is under budget by $77,372 due to the timing of initial control work.

- Regional gardens under budget by $117,862. Implementation of the asset management plans will increase expenditure over the first half of the 2008/2009 year.

Operational report

4. Operationally, all programmes are currently on target with the planned levels of activity established in the *2007/2008Annual Plan*.

Common Seal

5. The following documents were signed under seal during the period to 4 August 2008:

   Nil.

Decision-making obligations

6. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendations made in this item comply with the decision-making obligations of the Act.

Policy considerations

7. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002, the Resource Management Act 1991 and the Biosecurity Act 1993.

Financial considerations

8. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

9. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendations

THAT the Taranaki Regional Council:

1. receives this memorandum and adopts the Monthly Financial Report for May 2008

2. notes the Common Seal has been affixed to the following documents:

   Nil.

BG Chamberlain
Chief Executive

Document: 481101

ITEM TWO

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4 August 2008

Memorandum to
Chairperson and Members
Executive Committee

Port Taranaki Ltd - Draft Statement of Corporate Intent - 2008/2011

Purpose

1. The purpose of this memorandum is to receive and comment on Port Taranaki Ltd's draft Statement of Corporate Intent (SCI) for the period 1 July 2008 to 30 June 2011.

Background

2. Section 8 of the Port Companies Act 1998 (the Act) requires Port Taranaki Ltd's Directorate to deliver to the Council, as shareholder, a draft SCI. The content of the draft SCI is specified under section 9 of the Act.

3. Section 10 of the Act requires the Directorate to consider any comments from the shareholder on the draft SCI and then to deliver a completed SCI to the Council. It should be noted that port companies that are listed on the stock exchange or are less than 50% owned by local authorities are not required to produce a SCI.

Draft Statement of Corporate Intent

4. The Directorate of Port Taranaki Ltd has delivered the attached draft SCI pursuant to section 8 of the Act. The SCI is similar in format to that adopted last year. The content complies with the requirements of section 9 of the Act.

5. The key changes in the SCI from the version adopted last year are outlined in the covering letter from Port Taranaki Ltd.

6. Performance targets and other measures. The performance measures have been revised to reflect the expected performance over the next three years. The specific measures, with the equivalent targets set in the 2007/2008 SCI in brackets, are:

		2009	2010	2011
Return on average total assets		5% (5%)	5% (6%)	6%
Return on average shareholder's funds		4% (4%)	4% (3%)	3%
Wharf utilisation	Moturoa	40-50% (40-50%)		
	NKTT	25-35% (20-30%)		

Blyde	20-25% (15-20%)
Breakwater	40-50% (40-50%)

7. The Council now has the opportunity to provide feedback to Port Taranaki Ltd on the draft SCI.

8. As noted in the covering letter Port Taranaki Ltd have changed their dividend payout policy from *"It shall be the directors' intention to distribute 60 per cent of net profit after tax each year, with a minimum of $2m or net profit after tax, provided there is no requirement to use the funds within the company given the transition of the port from a reliance upon petrochemical trades to other trades"* to *"It shall be the directors' intention to distribute 60 per cent of net profit after tax each year, with a minimum of $2m, provided there is no requirement to use the funds within the company".*

9. Whilst there has been no explanation of the need for the change it is recommended that feedback be given to the Board reiterating the Council's position in relation to the dividend payout policy.

10. The Council has previously resolved to hold its investment in Port Taranaki Ltd on behalf of the regional community as a strategic investment rather than a straight out commercial investment. Accordingly the Council has been prepared to accept returns with a slightly longer timeframe in mind than would perhaps be the case to enable the Board to secure the ongoing future viability of the port. This policy has been developed in light of the requirements of the Port Companies Act 1988 and in particular the need for the port to operate as a successful business.

11. Having noted these strategic considerations the Council believes that all profits after tax not required for the port to operate as a successful business, should be returned to the shareholder. The 60% of net profit after tax, with a $2m minimum, is just that, it is a minimum. The Council would expect full payout of net profit after tax with an explanation, within the bounds of commercial sensitivity, of all funds that are retained by the company.

12. It is recommended that this feedback be given to the Board. Any other feedback from Councillors should be identified and will also be forwarded to Port Taranaki Ltd for their consideration.

Decision-making obligations

13. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendations made in this item comply with the decision-making obligations of the Act.

Policy considerations

14. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002 and the Port Companies Act 1988.

Financial considerations

15. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial

information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

16. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendations

THAT the Taranaki Regional Council:

1. receives Port Taranaki Ltd's draft Statement of Corporate Intent for the period 1 July 2008 to 30 June 2011
2. provides any feedback to the Chief Executive on the content of the draft Statement of Corporate Intent
3. forwards feedback on the dividend payout policy, plus any additional comments, for further consideration by the Directorate of Port Taranaki Ltd.

Approved:

MJ Nield
Director - Corporate Services

BG Chamberlain
Chief Executive

DRAFT

PORT TARANAKI LIMITED

STATEMENT OF CORPORATE INTENT

This statement is presented by the Directors of Port Taranaki Limited in accordance with the requirements of the Port Companies Act 1988 and sets out the intentions and expectations of the company and its subsidiaries and joint ventures (if any) for the period 1 July 2008 to 30 June 2011.

The company's mission, vision, and key performance indicators are:

- **Mission**

  Providing substance to Taranaki's economy by operating a successful and sustainable business.

- **Vision**

  Providing Port Taranaki customers with superior port facilities and services by striving to be number one in all aspects of the business.

- **Key Performance Indicators**

  1. Increase Shareholder Value, and

  2. Grow Profitability

OBJECTIVES

In order to achieve its mission, vision, and key performance indicators over the next three years, Port Taranaki intends to capitalise on the increased port draft and optimise property utilisation by:

1. Creation of Berthside Storage Areas

Work will continue with relocating non cargo handling port activities from berthside locations. Activities shifted or demolished to date include Duffill Watts Consulting Group, Seafarers Centre, Port Shop, Cape Shipping Agencies, and Port Amenity building. The next objectives are the port offices and port workshop. The adjacent Contact Energy and Taranaki Regional Council land will be evaluated.

2. **Re-evaluation of Container Strategy**

   Rapid growth from 5,000 to 60,000 TEU per annum over the past six years has led to a need to re-evaluate Port Taranaki's strategy in this area. This will take place in 2008.

3. **Developing Short Sea Shipping**

   Short sea shipping encompasses a number of projects being pursued by Port Taranaki relating to coastal shipping within New Zealand waters. It also incorporates Trans Tasman shipping initiatives.

4. **Expanding Presence in Offshore Support**

   Success with three offshore support contracts (Pohokura marine access craft, bunker line provision, and Tui tug provision) indicates growing potential for greater involvement by Port Taranaki in this area of work.

NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

The company will operate port related commercial activities including, but not limited to, the provision of full vessel and cargo handling services, with full regard to health, safety, and protecting the environment.

In achieving its principle objectives the nature and scope of activities undertaken by the company will inevitably be influenced by and be responsive to competitive demands. The shareholder will be informed and consulted on any proposal for significant diversion from existing activities or expansion into new business areas.

RATIO OF CONSOLIDATED SHAREHOLDER'S FUNDS TO TOTAL ASSETS

This ratio is defined as equity to total assets.

Equity may include share capital, capital reserves, asset revaluation reserves, and retained earnings.

Total assets are defined as all the recorded tangible and intangible assets of the company at their current value as determined by the company's Statement of Accounting Policies.

It is intended that the ratio of shareholder's funds to total assets be maintained at not less than 50%.

ACCOUNTING POLICIES

The Statement of Accounting Policies adopted for the 2007 annual report is attached as Appendix 1.

Policy application will be made consistent with and conform to:

- The requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

- Other applicable regulatory and statutory requirements.

PERFORMANCE TARGETS AND OTHER MEASURES

Performance targets by which the success of the company may be judged in relation to its objectives are:

	2009	2010	2011
Financial:			
♦ Return on average total assets (EBIT/ATA)	5%	5%	6%
♦ Return on average shareholder's funds (NPAT/ASF)	4%	4%	3%

Non-financial:

- Wharf utilisation (berth occupancy)

- Moturoa	Range 40 - 50%
- Newton King Tanker Terminal	Range 25 - 35%
- Blyde 1 & 2	Range 20 - 25%
- Main Breakwater	Range 40 - 50%

It should be noted that the achievement of the above performance targets are dependent on decisions to be made by parties over which the board of directors has limited influence.

- Health and Safety

  For the year ended 30 June 2008 the company incurred 23 work-related accidents, of which 6 resulted in a total of 98 days lost time. Of the 98 days, 48 related to a near drowning when an employee suffered a non-work related seizure and fell into the tide. It is the company's objective to eliminate all work-related accidents and continue under the standard ACC workplace cover scheme. The company is committed to continuous health and safety improvement through hazard management, ongoing review of safe operating procedures, and maintaining a health and safety culture. All national ports, with two exceptions, meet at least quarterly to discuss health and safety issues of common interest or concern. This forum is used as a means of benchmarking the company's performance.

DISTRIBUTION OF PROFITS TO SHAREHOLDER

The proportion of net profits after deduction for interest and taxation to be distributed by way of dividends to the shareholder will be determined by the board of directors from time to time in accordance with the Companies Act 1993 and according to future circumstances as they exist and the successful achievement of the objectives of the company.

It shall be the directors' intention to distribute 60 per cent of net profit after tax each year, with a minimum of $2m, provided that there is no requirement to use the funds within the company.

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

- Half-yearly report covering such information as the directors consider necessary to enable an informed assessment to be made of the company's performance during the period being reported.
- Annual report containing audited accounts.
- Within one month of commencement of each financial year a draft statement of corporate intent for that year.
- Within three months of the commencement of the financial year a completed statement of corporate intent.
- Any new developments which have not been covered in the statement of corporate intent for the year.
- Regular reports to the shareholder covering company activities.
- Any information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.
- Details of any new developments which would involve a significant move away from the current activities of the business.

PROCEDURES FOR MAJOR TRANSACTIONS AND OTHER ACQUISITIONS AND DISPOSALS

The company will only invest in the shares of another business when the shares acquired are considered likely to bring added value or will further enhance the objectives of the company.

The company will not enter into major transactions as defined in Section 129(2) of the Companies Act 1993 without the consent of the shareholder.

The company will not enter into any transaction of the nature of a major transaction where a) the acquisition is of assets equivalent in value to 20% or more of the assets of the company before the acquisition, or b) the disposition is of assets equivalent in value to 20% or more of the assets of the company, without giving written notice to the shareholder of its intention and consulting with it.

The company will ensure at all times that:

- Control of the affairs of every subsidiary of the company is exercised by a majority of the directors of that subsidiary.
- A majority of the directors of every subsidiary of the company are persons who are also directors or executives of the company, or who have been approved by the shareholder for appointment as directors of the subsidiary.

PROCEDURES FOR ISSUE OF SHARES

In accordance with paragraph 8 of the Company's constitution, the Company will not issue any shares unless the shareholder has resolved by ordinary resolution to approve the issue.

Consent of the shareholder must be granted prior to the Company entering into any transaction(s) that may have immediate or future potential to alter the current ownership structure of the Company.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT

The company, if requested by the shareholder, will provide the following services for which the company expects to be remunerated:

- Management contract for the services of the Harbourmaster including clerical support as and when required. (A contract currently exists between the company and the Taranaki Regional Council for the services of the Harbourmaster).
- Construction and maintenance of recreational facilities as required by the shareholder from time to time.

ESTIMATE OF COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

The directors' assessment of the value of the shareholder's investment in the company is, at minimum, the valuation of the worth of the net tangible assets at 30 June 2007 as shown in the audited accounts as at that date. However, the market value of the company may be materially higher.

A reassessment of the value of the shareholder's investment in the company will be undertaken as may be required from time to time by the shareholder or directors.

Appendix 1

STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

Port Taranaki Limited (the "Company") is a sea port company incorporated and domiciled in New Zealand. The Company formerly named Westgate Transport Limited changed its name on 30 September 2005.

The Company's parent and sole shareholder is the Taranaki Regional Council. The Company and its sole non-trading subsidiary Greyport Terminal Company Limited form the "Group". The financial statements for the Group were authorised for issue by the directors on 24 August 2007. The principal activities of the port are described in Note 1.

Statement of Compliance

These are the financial statements of the Group presented in accordance with the Port Companies Act 1988 and the Companies Act 1993, prepared in accordance with the Financial Reporting Act 1993, and in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards. The Group is a profit oriented entity.

Basis of Preparation

The financial statements are presented in New Zealand dollars, which is the Group's functional and reporting currency, rounded to the nearest dollar. They are prepared on the historical cost basis apart from certain assets which are stated at their fair value. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

(a) *Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown within current liabilities in the balance sheet.

(b) *Foreign Currency Monetary Balances*
Transactions in foreign currencies are converted at the exchange rate ruling at the date of the transaction. At balance date all foreign currency monetary assets and liabilities are translated to New Zealand dollars using the prevailing spot rate of the day. Any gain or loss is recognised in the income statement in the reported financial period in which they arise.

c) *Financial Instruments*

(c) (i) *Derivative*
A derivative is a financial instrument or contract whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit index or other variable. It requires no or a nominal initial investment and is settled at a later date.

Derivative financial investments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each balance sheet date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. The Group does not undertake hedge accounting in accordance with NZ IAS 39.

The Group may enter into foreign currency forward exchange contracts, to hedge foreign currency transactions when purchasing major fixed assets and when payment is denominated in foreign currency. Gains and losses on such contracts are recognised in the income statement each year at balance date or date of completion by restating the liability at the prevailing spot rate.

No derivative financial instruments were in place at year end.

Financial Assets and Liabilities

(c) (ii) *Financial Assets*

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the financial statements. Other financial assets are classified into the following specified categories: financial assets 'at fair value through the income statement', 'held to maturity investments', 'available for sale', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

(c) (iii) *Loans and Receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

(c) (iv) *Impairment of Financial Assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an impairment account. Changes in the carrying amount of the impairment account are recognised in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(c) (v) ***Other Financial Liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial liability.

(c) (vi) ***Trade and Other Receivables***

Trade and other receivables are stated at their expected realisable value, after providing for impairment. All known bad debts have been written off during the period under review.

(d) ***Inventories***

Stocks of maintenance materials and supplies are valued at the lower of weighted average cost or net realisable value.

(e) ***Property, Plant and Equipment***

Owned Assets

All items of property, plant and equipment except land and floating plant are stated at cost less accumulated depreciation and impairment.

Certain items of property, plant and equipment, namely land and floating plant, have been revalued to fair value on or prior to 1 July 2005, the date of transition to NZ IFRS, and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

After recognition as an asset at date of transition to NZ IFRS an item of land whose fair value can be measured reliably shall be carried at a revalued amount, being its value at the date of the revaluation less any subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at balance date.

Any revaluation increase arising on the revaluation of land is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land is charged as an expense in the income statement to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, is transferred directly to retained earnings.

After recognition as an asset, an item of property, plant and equipment other than land shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Maintenance Dredging

The cost of maintenance dredging incurred is expensed over the period of benefit through to the commencement of the next dredging campaign. The value of the unexpired portion of maintenance dredging at balance date is reflected in property, plant and equipment.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs are charged to the income statement during the financial period in which they are incurred.

(f) ***Intangibles***

Intangible assets acquired by the Group comprise computer software and are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(g) ***Impairment***

Assets are reviewed for impairment at each reporting date for events or changes in circumstances that indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement and is determined as the amount by which the asset's carrying value exceeds it's recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) ***Employee Benefits***

(h) (i) ***Long Term Benefits***

The Group's net obligation in respect to future benefits that can extend up to the date of retirement for all existing employees are long term benefits. They relate to benefits that employees have earned in return for their service in the current and prior periods, although they may or may not have vested at balance sheet date. The obligation is calculated using an actuarial method and is discounted to its present value. The discount rate the Group uses is the market yield on long term New Zealand Government bonds as at balance sheet date. The probability of the Group's obligation to pay the future benefit is then determined actuarily.

Long term employee benefits for the Group include: ACC residual claims levies, long service leave, and retirement allowances.

Long Service Leave

The Group has long service milestones of 15, 25, 30 and 35 years of service. Leave entitlement accrued towards milestones not yet achieved are calculated in accordance with the long term benefits policy. No benefit is payable to an employee upon leaving the Group for any milestone worked towards but not achieved, however the probability of attaining vested status is determined and applied in calculating the expected liability amount.

Retirement Allowance

The Group has a retirement policy in place which provides for a retirement allowance. Actuarial calculations are made to assess both the amount projected to be paid (in accordance with the Group's policy) and the probability that the employee will qualify for the allowance.

(h) (ii) ***Post Employment Benefits***

Defined Benefit Plans

The Group has only two employees on a defined benefit plan. The Scheme is a multi-employer defined benefit scheme. The Scheme's Administrator has advised that insufficient information is available to assess with accuracy the extent of over or under funding. Accordingly the plan is accounted for as if it were a defined contribution plan.

(h) (iii) ***Short Term Benefits***

Short term benefits represent the Group's net obligation with respect to benefits for services performed that are expected to be paid in the ensuing 12 months.

These accruals are calculated based on existing remuneration rates expected to be in place when the benefits are paid.
Vested Leave

Short term employee benefits for the Group include: Vested Leave, Sick Leave, and ACC residual claims levy current portion.

Vested Leave

Where an employee has rendered service to the Group and has attained the right to paid leave, the undiscounted amount expected to be paid, is recognised as a current liability as all accumulated leave is expected to be used within 12 months of balance sheet date. The remuneration rates expected to be in place when the benefits are paid is applied to the time owed for entitlements to holiday pay earned, and alternate days owing where statutory days have been worked, and long service leave where the milestone has been achieved. These amounts are included within Payables and Accruals.

Sick Leave

The Group measures the amount of additional payments that are expected to arise solely from the fact that the benefit accumulates. The accrual is for the amount estimated it will cost the Group for any employee taking leave in excess of their annual entitlement. It is calculated based on the average expected daily rate of all employees, and the actual number of sick days taken collectively by employees in excess of annual entitlement in the previous twelve months.

ACC

As a port operator, the Group is liable to pay residual claims levies to the ACC. The ACC actuary advises that the residual claims fund is expected to be fully funded by 2014. A provision is made at balance date reflecting the estimated amount payable through to 2014 based upon current residual levy rates. The assessed figure is discounted at the 10 year government bond rate to determine the final provision.

The current portion of the ACC provision and the Sick leave provision are presented as current Employee Benefit provisions.

(i) *Provisions*

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(j) *Trade and Other Payables*

Trade and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other accounts payable are recorded at amortised cost. Given the nature of these liabilities amortised cost equals their notional principal.

(k) ***Interest Bearing Borrowings***

All loans and borrowings are initially recognised at fair value, net of transaction costs. Subsequent to the initial recognition, loans and borrowings are carried at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss over the period of the borrowing using the effective interest rate method. Borrowing costs are recognised as an expense when incurred, except that they are capitalised in accordance with (r) below.

All interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the borrowing. Amortised cost is calculated taking account of any issue costs.

Borrowings are classified as current liabilities (either advances and deposits or current portion of term debt) unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(l) ***Income Tax***

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the comprehensive balance sheet liability method, for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation assets attributable to tax losses or deductible temporary differences are recognised when realisation is probable. Deferred taxation liabilities attributable to taxable temporary differences are amounts of income taxes payable in future periods. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Deferred tax assets and liabilities are calculated using the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted at balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised as an expense in the income statement except when it relates to items credited or debited directly in equity. Deferred taxation assets and liabilities can be offset when they relate to income taxes levied by the same taxation authority.

(m) ***Dividends***

Provisions for dividends are recognised in the period in which they are authorised and approved.

(n) ***Goods and Services Tax (GST)***

All items in the balance sheet are stated exclusive of GST with the exception of receivables and payables, which include GST.

All items in the income statement are stated exclusive of GST. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the taxation authority is classified as operating cash flows.

(o) ***Revenue Recognition***

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

The Group recognises revenue for the rendering of services when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at balance sheet date can be measured reliably and the costs incurred or to be incurred can be measured reliably.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(p) ***Associates and Subsidaries***

(p) (i) ***Associates***

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. The financial statements include the Company's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in the associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Under the equity method, the investment in the associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss of the associate after the date of acquisition. The Company's share of profit or loss is included in the Income Statement. Dividends received from the associate company reduce the carrying amount of the investment.

(p) (ii) ***Subsidiaries***

Subsidiaries are those entities in which the Company has control over the financial and operating policies. The financial statements are consolidated from the date that control commences until the date that control ceases. Consolidated financial statements are presented as those of a single economic entity, (the "Group").

(q) ***Research and Development***

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement when incurred. Expenditure on developing the application of any research findings will only be capitalised if able to demonstrate all of the following conditions: It is technically feasible to complete so it will be available for sale or use, intended to be completed, able to be used or sold, will generate probable future economic benefits, there are adequate technical, financial and other resources to complete the development to use or sell, and can be measured reliably during its development.

(r) ***Borrowing Costs***

The Group recognises as an expense within the income statement all borrowing costs incurred, with the exception of interest costs incurred during construction/assembly of major capital projects, which is capitalised as part of the initial cost of the respective assets.

(s) ***Depreciation***

Property, plant and equipment other than land are depreciated on a straight line basis over their estimated useful lives.

Depreciation periods are:

Buildings	5 to 33 years
Port installations	5 to 66 years
Plant, equipment and fittings	2.5 to 25 years
Floating plant	3 to 25 years
Maintenance dredging	2 years
Capital dredging	50 years

The residual values, and the useful lives of assets are reviewed at least annually and, if expectations differ from previous estimates, the change shall be accounted for as a change in accounting estimate in accordance with NZ IAS 8.

(t) ***Amortisation***

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible assets unless the estimated useful life is indefinite. There are no indefinite life intangible assets held at balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer Software	2 - 4 years

(u) ***Operating Lease Payments***

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(v) ***Statement of Cash Flows***

Cash flows from operating activities are presented using the direct method.

Definitions of terms used in the Statement of Cash Flows:

- Cash means cash on deposit with banks, net of outstanding bank overdrafts.
- Investing activities comprise the purchase and sale of property, plant and equipment, investment properties and investments.
- Financing activities comprise the change in equity and debt capital structure of the Group and the payment of cash dividends.
- Operating activities include all transactions and events that are not investing or financing activities.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

Management have made judgements that relate to the estimated useful life of plant property and equipment, its fair value, and the value of receivables. The judgements are disclosed in Statement of Accounting Policies (s), and Notes to the Financial Statements, note 8 provision for impairment and note 11 carrying amount, revaluations and other disclosures.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year the Group has adopted all of the Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the current reporting period.

Adoption of NZ IFRS 7 is required for accounting periods commencing on or after 1 January 2007. The Group have chosen to adopt NZ IFRS 7 one year earlier than required.

The transition to NZ IFRS is accounted for in accordance with NZ IFRS 1. Additional information is contained in note 31 of the financial statements and in the accounting policy below.

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but not yet effective:

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- NZ IFRS 8 - Operating Segments.	1 January 2009	30 June 2010
- NZ IAS 23 - Borrowing Costs - revised.	1 January 2009	30 June 2010
- IFRIC 10 - Interim Financial Reporting and Impairment.	1 November 2006	30 June 2008
- FRIC 11 - NZ IFRS 2 - Group and Treasury Share Transactions.	1 March 2007	30 June 2008
- IFRIC 12 - Service Concession Arrangements.	1 January 2008	30 June 2009
- IFRIC 13 - Customer Loyalty Programmes.	1 July 2008	30 June 2009
- IFRIC 14 - IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	1 January 2008	30 June 2009

Application of the Standards, Amendments and Interpretations is not expected to have a material impact on the financial statement account balances of the Group but may require additional financial statement disclosures.

Document: 480652

ITEM THREE

4 August 2008

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Memorandum to
Chairperson and Members
Executive Committee

Regional Gardens - 2008 Asset Management Plans

Purpose

1. To receive, consider and adopt the 2008 regional garden asset management plans for inclusion in the 2009/2019 Long-Term Council Community Plan.

Background

2. The Council acquired the regional gardens (Tupare and Hollard Gardens) from the QEII National Trust in 2002. The Council then embarked on a significant and extensive programme of planning for the development and maintenance of the gardens. Subsequently the Council adopted asset management plans (in 2005) for Tupare and Hollard Gardens. These plans were incorporated into the 2006/2016 Long-Term Council Community Plan.

3. The plans established a three-year review process to align with the preparation of each Long-Term Council Community Plan.

4. The Council has completed the first three-year review of the asset management plans (attached) for inclusion in the 2009/2019 Long-Term Council Community Plan.

2008 Review

5. The Council has spent the last three years implementing the 2005 asset management plans. These plans involved significant redevelopment and capital expenditure in the following areas:

   - Addressing access, entrances and parking
   - Upgrading existing facilities
   - Providing new facilities
   - Providing information/way-finding/story-telling/ interpretation material
   - Addressing resources for the on-going maintenance of the gardens.

6. These processes are largely complete. The upgraded gardens are due for launching in spring 2008.

7. Therefore, the focus for the 2008 review of the asset management plans was away from capital redevelopment to ongoing maintenance and increasing the level of use of the facilities.

8. Mr Anthony Joines of BTW Company Ltd was commissioned to undertake the review. Mr Joines was part of the original Technical Advisory Group that prepared the 2005 asset management plans.

9. The reviewed asset management plans are structurally largely unchanged from the 2005 plans. As noted the focus has moved away from a capital redevelopment programme to a programme of maintenance of the properties and enhancing the use of the properties by the regional community. As a consequence the capital redevelopment budgets are significantly reduced from the 2005 programmes. The on-going maintenance programmes are at similar levels to the 2005 programmes. There is an increased focus in the 2008 plans on marketing to extend the use of the gardens by as wide a group as possible.

10. There were two issues raised in the 2005 asset management plans that were put on hold until the preparation of the 2009/2019 Long-Term Council Community Plan. Both of these issues relate to Hollard Gardens. First is the use of the old family home as a visitor centre and/or relocating the property out of the gardens. Second is the development of an educational facility. These projects were put on the back-burner until the visitor demand for the projects was such that the expenditure was warranted. Due to the timing of the completion of the redevelopment of the properties, the ability to measure and grow the public demand for the additional facilities has not occurred. Accordingly the 2008 asset management plans recommend the reconsideration of these issues as part of the 2011 review of the asset management plans for the 2012/2022 Long-Term Council Community Plan.

11. As noted earlier, the preparation of the 2005 asset management plans was an extensive and public process. Given the 2005 plans have largely been implemented and there are no new extensive development programmes in the draft 2008 plans, it is not recommended that a separate public consultation process occur. Rather the program in the 2008 plans will be included in the draft 2009/2019 Long-Term Council Community Plan which will be subject to separate and extensive public consultation.

Decision-making obligations

12. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation(s) made in this item comply with the decision-making obligations of the Act.

Policy considerations

13. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002, the Resource Management Act 1991 and the Biosecurity Act 1993.

Financial considerations

14. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial

information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

15. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendations

THAT the Taranaki Regional Council:

1. receives this memorandum on the preparation of the 2008 asset management plans for Tupare and Hollard Gardens
2. notes that the 2008 asset management plans focus on the on-going maintenance of the properties and growing the regional community's use of the facilities
3. receives and considers the 2008 asset management plans for the Council's regional gardens
4. adopts the 2008 asset management plans for Tupare and Hollard Gardens
5. notes the 2008 asset management plans will be incorporated into the draft 2009/2019 Long-Term Council Community Plan which will be subject to separate public consultation in the first half of 2009.

MJ Nield
Director - Corporate Services

Approved:

B G Chamberlain
Chief Executive

Document: 481340

ITEM FOUR

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4 August 2008

Memorandum to
Chairperson and Members
Executive Committee

2009/2019 Long-Term Council Community Plan: Performance Management Framework

Purpose

1. To receive, consider and adopt a new performance management framework for inclusion in the draft 2009/2019 Long-Term Council Community Plan.

Background

2. Under the Local Government Act 2002 the Council is required to have an operative Long-Term Council Community Plan. The next updated Long-Term Council Community Plan is required to be adopted by 30 June 2009 and covers the 10 year period to 30 June 2019.

3. A key facet of each Long-Term Council Community Plan is the performance management framework. The performance management framework outlines the relationships between the Local Government Act well-beings, community outcomes, monitoring and reporting performance, groups of activities and activities. It states what the Council is trying to achieve, how it will go about achieving it and how it will monitor whether it has achieved what is set out to achieve. The framework has both a ten-year focus and a one-year focus (2009/2010 in this case).

4. The Auditor-General noted that local government was not particularly good at developing effective performance management frameworks when preparing and adopting their 2006/2016 Long-Term Council Community Plans and that as an industry further work was required ahead of the 2009/2019 Long-Term Council Community Plan round.

5. Addressing this concern the Society of Local Government Managers (SOLGM) completed a significant piece of work on performance management frameworks entitled *Performance Management Frameworks: Your Side of the Deal. The Solgm/Nams Guide To Performance Management In Local Government* (http://www.solgm.co.nz/NR/rdonlyres/D096BC3A-31D7-4044-9732-296D410B26F7/50209/PMF.pdf).

6. Noting the Auditor-General's comments and SOLGM's work, Council management has taken the opportunity to review the performance management framework from that used in the 2006/2016 Long-Term Council Community Plan. Attached is a draft

performance management framework for inclusion in the 2009/2019 Long-Term Council Community Plan. The draft performance management framework has been reviewed by Deloitte (Council's auditors) and the Office of the Auditor-General and both are satisfied that the performance management framework meets industry standards as they have developed. Accordingly the draft performance management framework is recommended for consideration by the Council prior to including it in the draft 2009/2019 Long-Term Council Community Plan.

Performance Management Framework

7. The draft 2009/2019 performance management framework is attached for Member's consideration.

8. The 2006/2016 performance management framework was used as the starting point for this version. The key differences from 2006/2016 are a reclassification of the groups of activities (and individual activities) and the inclusion of outcome-focused performance measures and targets around the proposed levels of service for each activity within the groups of activities.

9. The following table demonstrates the new groups of activities and individual activities when compared to the groupings used in 2006/2016.

2009/2019 proposed groups of activities and activities	**Groups of activities and activities per the 2006/2016 Long-Term Council Community Plan.**
Resource management Resource management planning Consent processing and administration Compliance monitoring programmes Pollution incidents and response State of the environment monitoring Resource investigations and projects Waste minimisation Sustainable land management plans and plant supply programme Biodiversity Enhancement grants	Policy and planning Statutory policies, plans and strategies Advocacy and response
Biosecurity Biosecurity planning Pest animal management Pest plant management	Civil defence emergency management Civil defence emergency management
Transport Regional land transport planning Passenger transport Harbour management	Resource consents Consent processing and administration Compliance monitoring programmes Pollution incidents and response
Hazard management Civil defence emergency management Flood management and general river control River control schemes	Land management Sustainable land management plans General advice and facilitation
Recreation, culture and heritage Regional gardens Puke Ariki Yarrow Stadium	River control and flood protection River control schemes Advice, minor works and flood response
Regional representation, advocacy and investment	Land transport and harbour management

2009/2019 proposed groups of activities and activities	Groups of activities and activities per the 2006/2016 Long-Term Council Community Plan.
management Investment management Public information Advocacy and response Governance	Regional land transport planning Passenger transport Harbour management
	Resource investigations, monitoring and biodiversity enhancement State of the environment monitoring Resource investigations and projects Environmental enhancement grants Waste minimisation
	Pest management Pest animal management Pest plant management
	Recreation, culture and heritage Regional gardens Yarrow Stadium
	Regional representation, information and investments Public information Investment management Representation

10. The activities are now grouped more closely around the achievement of common outcomes. For instance all activities relating to resource management are all grouped together rather than being split along the lines of the structure of the Council's departments.

11. The performance measures and targets included in the 2006/2016 Long-Term Council Community Plan have been updated for 2009/2019 and included in the "What we plan to do" section for each activity. Performance measures and targets have been included in each group of activities to measure the levels of service. Levels of service are more outcome-related performance measures that attempt to measure the Council's contribution to community outcomes. These measures have been summarised from the Council's monitoring and reporting completed under its various statutory plans, policies and strategies. The full version of the reporting of performance in this area is completed in the five-yearly state of the environment report.

12. Other than outlined above the content of the performance management framework is largely unchanged from the 2006/2016 framework albeit that the structure has been redesigned.

13. This is an opportunity for Councillor's to provide feedback on the performance management framework ahead of the workshops on the 2009/2019 Long-Term Council Community Plan and the development of the draft 2009/2019 Long-Term Council Community Plan.

Decision-making obligations

14. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation(s) made in this item comply with the decision-making obligations of the Act.

Policy considerations

15. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002, the Resource Management Act 1991 and the Biosecurity Act 1993.

Financial considerations

16. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

17. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendation

THAT the Taranaki Regional Council:

1. receive this memorandum on a new performance management framework
2. provide feedback to the Chief Executive on the structure and content of the draft performance management framework
3. adopt the performance management framework for inclusion in the draft 2009/2019 Long-Term Council Community Plan

MJ Nield
Director - Corporate Services

Approved:

B G Chamberlain
Chief Executive

Document: 487292

ITEM FIVE

4 August 2008

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Memorandum to
Chairperson and Members
Executive Committee

Inclusion of Ironside Vehicle Society Inc. in the Total Mobility Scheme

Purpose

1. To request approval from Members to include Ironside Vehicle Society Incorporated in the national Total Mobility Scheme. This change is to provide consistency with the change in policies, delivery and funding of the Scheme by Land Transport New Zealand which aims to include community based groups, such as Ironside, in the TM Scheme.

Background

2. Members will be aware that the Ironside Vehicle Society is currently receiving funding through a two year Concessionary Fare scheme which will conclude 30 June 2009.

3. The annual budgeted cap for funding assistance is $40,000 per year. In the last financial year (2007/2008) Ironside received a total of $8,746 funding assistance.

4. Members will recall that up until now the Total Mobility Scheme has been a reduced taxi based fare scheme for people with a permanent disability/impairment that prevent them from using public transport in a safe and dignified manner.

5. Lack of availability of public passenger transport, and a lack of private transport options are not criteria for the scheme. The scheme provides a 50% discount on taxi fares, which is funded in part by Taranaki Regional Council rates and in part by central government funding. Previously the scheme has only been eligible to Approved Taxi Organisations.

6. A separate Concession Fare Scheme Agreement with Ironside was therefore executed with Ironside as they did not meet the Approved Taxi Organisation criteria set by Land Transport NZ. This was primarily because they did not have to meet the same licensing criteria and rules that were applicable to Approved Taxi Organisations who operated on more of a commercial basis.

7. With Ironside not currently participating in the Total Mobility Scheme they are also ineligible to apply for funding assistance for the fit-out costs for wheelchair hoist equipped vehicles. Currently in Taranaki this is only available to Approved Taxi Organisations who are approved Total Mobility providers.

Correspondence with Land Transport New Zealand

8. Land Transport NZ has since confirmed with Council Officers that the criteria for including community organisations in the Total Mobility Scheme has now changed. They state they are continually reviewing the policies with regard to how such services can be delivered and funded in response to the needs of the wider community. This means that services provided by community groups can now be included in the Total Mobility scheme, as long as they meet the approved licensing requirements and it is approved on a regional level. Members should note that Ironside currently meet all Land Transport NZ licensing requirements placed on them.

Impact on the Total Mobility Scheme for Taranaki

9. Approval to include Ironside in the Total Mobility Scheme has no impact on current budgets or funding levels approved by Land Transport NZ. The Council will maintain a separate Concessionary Fare scheme agreement with Ironside, with a change in the classification and allocation of already approved funds not being required.

10. Ironsides inclusion will allow more efficient management of approved providers, allow Ironside to participate fully in Total Mobility meetings and is also consistent with Land Transport NZ's aims and policies.

11. One effective change by bringing them into the Total Mobility Scheme will be that Ironside can apply to the Council and Land Transport NZ for funding assistance for the fit-out costs for wheelchair hoist equipped vehicles on a yearly basis. Council has a budget for the 2008/2009 financial year to provide assistance with such costs. Ironside would therefore be able to apply, along with other local TM approved providers, for funding assistance in accordance with current policy.

Decision-making obligations

12. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation made in this item comply with the decision-making obligations of the Act.

Policy considerations

13. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Land Transport Management Act 2003, the Land Transport Act 1998 and the Transport Services Licensing Act 1989.

Financial considerations

14. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

15. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendation

THAT the Taranaki Regional Council:

1. agrees to the inclusion of the Ironside Vehicle Incorporated Society in the Total Mobility Scheme for Taranaki.

R A Phillips
Director - Operations

Approved:

B G Chamberlain
Chief Executive

Document: 480525

ITEM SIX

4 August 2008

Back to index

Memorandum to
Chairperson and Members
Executive Committee

Central Government Response to the Rates Inquiry

Purpose

1. To receive and consider the Government's response to the Rates Inquiry (the Shand Report).

Background

2. Last year the report on the Government Inquiry into Local Government Rating was released (the Shand Report). Many of the matters raised in the Inquiry required response from the Government. Attached is the last update from the Government in terms of its responses to the recommendations include in the Shand Report.

3. The Government's response to the Inquiry's findings has largely been underwhelming with little or no change or impact upon the Council. There are some decisions still to be announced in terms of funding tools and how they are to be applied.

4. Councillors should note that the rates rebates scheme applies to regional council rates although it is administered by the region's territorial councils.

Recommendation

THAT the Taranaki Regional Council:

1. receives and notes the Government's response to the finding of the Rates Inquiry.

Approved:

MJ Nield
Director - Corporate Services

B G Chamberlain
Chief Executive

Document: 481023

ITEM SEVEN

4 August 2008

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Memorandum to
Chairperson and Members
Executive Committee

Audit of the 2009/2019 Long-Term Council Community Plan: Letter of Undertaking

Purpose

1. To receive and consider Deloitte's letter of undertaking for the audit of the 2009/2019 Long-Term Council Community Plan.

Background

2. The Council is required to prepare a Long-Term Council Community Plan for the period 2009/2019. The Local Government Act 2002 also requires that the 2009/2019 Long-Term Council Community Plan be audited.

3. Deloitte, the Council's auditor, on behalf of the Controller and Auditor-General, has prepared a letter of undertaking (attached) setting out the arrangements for the audit.

4. The letter of undertaking is standard. The audit fee has been established. For the 2006/2016 Long-Term Council Community Plan central government provided a subsidy to offset the cost of Long-Term Council Community Plan audits. This subsidy is not available this time around so the Council must pay the full cost of the audit. For 2008/2009 the Council budgeted $130,000 for the audit of the 2009/2019 Long-Term Council Community Plan and the 2007/2008 Annual Report. The fees for the two audits have now been provided and they are $71,050 for the 2009/2019 Long-Term Council Community Plan and $91,459 for the 2007/2008 Annual Report. Accordingly for 2008/2009 the Council will be over budget by $32,509.

Recommendation

THAT the Taranaki Regional Council:

1. <u>receives</u> Deloitte's letter of undertaking for the audit of the 2009/2019 Long-Term Council Community Plan.

Approved:

MJ Nield	BG Chamberlain
Director - Corporate Services	**Chief Executive**

Document: 488354

ITEM EIGHT

4 August 2008

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Memorandum to
Chairperson and Members
Executive Committee

Local Government Commission Review of the Local Government Act 2002 and the Local Electoral Act 2001

Purpose

1. To receive and consider the Local Government Commission's Review of the Local Government Act 2002 and the Local Electoral Act 2001.

Background

2. The Local Government Commission is under a statutory obligation to complete a review of the Local Government Act 2002 and the Local Electoral Act 2001. Attached for Members' information is the Summary Report of the Local Government Commission's review. In broad terms they find that the Acts are relatively new to form views on their effectiveness and, consequently, minor tweaking of the Acts rather than wholesale changes are all that is required at this stage.

Recommendation

THAT the Taranaki Regional Council:

1. receive and note the Local Government Commission's Review of the Local Government Act 2002 and the Local Electoral Act 2001.

MJ Nield
Director - Corporate Services

Approved:

B G Chamberlain
Chief Executive

Document: 475164

ITEM NINE

4 August 2008

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Memorandum to
Chairperson and Members
Executive Committee

Civic Assurance - 2007 Annual Report

Purpose

1. The purpose of this memorandum is to receive Civic Assurance's Annual Report for the year ended 31 December 2007.

Background

2. The Taranaki Regional Council holds 1,000 shares in New Zealand Local Government Insurance Corporation Ltd (trading as Civic Assurance). In its *Investment Policy*, the Council notes that it will receive and review annual reports, but also notes that the risks associated with its investment are limited and immaterial.

2007 Annual Report

3. Civic Assurance's financial performance in 2007 was good despite softening insurance premiums and higher than usual claims. The full Annual Report is attached. The key financial indicators are outlined below. All indicators are for the consolidated group:

	2007	**2006**	**% Change**
Net operating revenue	$4,445,364	$5,641,414	+9.24%
Net surplus after tax	$1,957,949	$2,822,225	+15.66%
Total assets	$40,551,903	$50,618,263	-11.12%
Total equity	$19,195,094	$18,080,729	+10.73%
Earnings per share after tax	30.6 cents	44.2 cents	+15.50%

4. The reduction in total assets relates to the reduced balance of local authority stock (corresponding drop in Civic Bonds Issued) in the business of the Local Government Finance Corporation. This subsidiary provides loan facilities to local authorities, but is not accepting any new business.

Decision-making obligations

5. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendations made in this item comply with the decision-making obligations of the Act.

Policy considerations

6. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002.

Financial considerations

7. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

8. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendation

THAT the Taranaki Regional Council:

1. receives and adopts the 2007 Annual Report of New Zealand Local Government Insurance Corporation Ltd (Civic Assurance)

MJ Nield
Director - Corporate Services

Approved:

B G Chamberlain
Chief Executive