

Document: 525073

22 October 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:

Tuesday 28 October 2008 commencing at 10.00am.

MJ Nield
Director-Corporate Services

**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
Tuesday 28 October 2008 at 10.00 am.**



Councillors

D N MacLeod
D L Lean
R F H Maxwell
N W Walker

In Attendance

Messrs	M J Nield	(Director-Corporate Services)
	R A Phillips	(Director-Operations)
Mrs	K van Gameren	(Committee Administrator)

Apologies

Notification of Late Items

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28 October 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 August 2008. The financial results so far are good and in line with the *2008/2009 Annual Plan*. Trends in expenditure have not fully developed this early in the new financial year. However, notable financial variances to date are:
 - Policy and planning over budget \$40,766—costs associated with the reporting of community outcomes – these costs have been recovered from the district councils.
 - Resource consents is under budget by \$110,461 due to the timing of the commencement of compliance monitoring programmes and the focus on the State of the Environment Report.
 - Land management is under budget by \$121,727 due the timing of the payment of deposits on riparian plant purchases.
 - River control and flood protection is under budget by \$59,358 due to the timing of maintenance works.
 - Land transport is under budget by \$88,124 due to the commencement of the new bus services and not all costs having come to charge to date.

Operational report

4. Operationally, all programmes are currently on target with the planned levels of activity established in the *2008/2009 Annual Plan*.
5. The re-launch of Tupare has occurred. The re-launch day was very successful with estimates of 3,000 visitors. The re-launch of Hollard Gardens happens this week.

Common Seal

6. The following documents were signed under seal during the period to 28 October 2008:
Nil.

Decision-making obligations

7. 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

8. 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

9. 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

10. 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 August 2008
2. notes the Common Seal has been affixed to the following documents:
Nil.

BG Chamberlain
Chief Executive

28 October 2008

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**Memorandum to
Chairperson and Members
Executive Committee**

Wetland enhancement, Lake Kaikura and Tongaporutu whitebait spawning and habitat protection

Purpose

1. To seek approval of a proposal to enhance and protect Lake Kaikura wetland and a proposal to protect whitebait spawning and habitat areas on the Tongaporutu and Hutiwai Rivers and their tributaries.

Background

2. Lake Kaikura wetland

Lake Kaikura is a coastal lake 24.67 ha in size and is classified as a regionally significant wetland. Coastal wetlands are uncommon in Taranaki and provide important habitat for coastal birds. The wetland extends over 3 properties owned by Richard Dwyer, Maurice and Robyn Le Prou and Waiwira Holdings Limited. The Dwyer property is already fenced and planted through previous enhancement grant work (stage 1 and 2). Stage 3 is to complete the remaining fencing and planting on the other two properties. This wetland is in the process of formal protection by the QEII National Trust. The fencing cost of \$18,000 will be met by the QEII National Trust and the South Taranaki District Council, not the Taranaki Regional Council. Funds are only sought for the enhancement planting.

3. Stage 3 is to plant 5,000 plants and associated weed control, at a cost of \$23,950.

4. Tongaporutu whitebait spawning and habitat protection

This project proposes to protect whitebait spawning and habitat areas on the Tongaporutu and Hutiwai Rivers and their tributaries. These areas adjoin the Tongaporutu estuary which has been identified in the coastal plan as being an area of outstanding value and identified in the Inventory of Coastal Areas as an area of Local and Regional Significance. The initial areas are situated on Emma O'Sullivan and Evan Lobb's property. The project aims to include further properties for whitebait spawning and habitat enhancement in the future.

5. Honda, through their Tree Fund have funded 800 trees that were planted on two properties in 2007 and 2008 and are planning to fund native trees again in 2009, along with private funding. The community has also shown an interest with involvement from the local school and local whitebait fisherman keen to help with future plantings.

6. At present the spawning and habitat areas identified by Council staff and Department of Conservation officers, are unfenced, have very little vegetation and are grazed by stock. It is proposed that 752 metres of fencing be erected in 2009 at a cost of \$10,152 with further fencing in the future. The landowners have agreed to sign a Memorandum of Encumbrance to protect the sites.

Proposed works

7.	Lake Kaikura	Plants and planting	\$23,250
		Weed control	<u>700</u>
			<u>\$23,950</u>
	Tongaporutu	Fencing	<u>\$10,152</u>

8. Additional information is provided in the attached Officers' reports.

Decision-making obligations

9. 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

10. 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.
11. Council assistance supporting the wetland enhancement programme is through policy which provides for funding being made available for works through the Environmental Enhancement Grants.

Financial considerations

12. 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

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

Recommendations

THAT the Taranaki Regional Council:

1. receives the Officers' reports attached to this memorandum relating to enhancement and protection of Lake Kaikura wetland and Tongaporutu whitebait spawning and habitat,
2. approves environmental enhancement grants of:
 - a) \$23,950 for the protection and enhancement of Lake Kaikura wetland
 - b) \$10,152 for the protection of whitebait spawning and habitat areas on the Tongaporutu and Hutiwai Rivers and their tributaries.

RA Phillips
Director - Operations

Approved:

B G Chamberlain
Chief Executive

Memorandum

To RA Phillips, Director - Operations
DW Shearman, Land Services Manager
From DM Scown, Land Management Officer
Document 496780
Date 14th August 2008

Lake Kaikura

1. Purpose

The purpose of this memo is to seek funds from the Environmental Enhancement Grant for Lake Kaikura Wetland to undertake the final stage of the protection on Waiwira Holding Limited and Mangaroa Farms.

2. Summary

Lake Kaikura is a coastal lake 24.67 hectares in size and extends over three properties. It is located 8km west of Patea and is a gully system that has been blocked by windblown sand, forming a lake and swampy gully arms. Lake Kaikura is classified as a Regionally Significant Wetland (0941-0), a Key Native Ecosystem, and a Significant Natural Area under the South Taranaki District Plan.

Coastal lakes are uncommon in Taranaki and are important for migratory and local birds. Lake Kaikura is an important habitat for a significant number of waterfowl, including the spotless crane, New Zealand scaup and the New Zealand shoveler. Australasian bittern are also present.

5000 plants are recommended for enhancement planting to complete the planting on land owned by Waiwira Holding Limited and Mangaroa Farms.

It has to be noted that South Taranaki District Council and the Queen Elizabeth II Trust are paying for the fencing to the cost of approximately \$18,000.00.

The projected cost for the Taranaki Regional Council is \$23,950.00.

2.1 Ownership and land tenure

Lake Kaikura lake bed is owned by the Department of Conservation and the wetland area is owned by the following three owners and contained within the following land parcels.

Richard Dwyer
1236012200 LOT 3 DP 2782 BLK II CARLYLE SD
1236012100 LOT 4 DP 3974 LOT @ DP 2781 BLK

Maurice & Robyn Le Prou
1236008300 LOT 1 DP 2050 SECS 413 BLKS I & II CARLYLE SD
1236008401 LOT 4 DP 14552 BLK I CARLYLE SD – X REF 12360/83 –

Waiwira Holding Limited
1236012300 LOT 4 DP 2782 BLK II CARLYLE SD

2.2 Current protection status

Lake Kaikura is classified as a Regionally Significant Wetland under the Taranaki Regional Council Fresh Water Plan (Wetland number 0941-0). It is listed as a Key Native Ecosystem as a site with indigenous biodiversity values of regional significance by Taranaki Regional Council. It is classified by the South Taranaki District Council under its District Plan as a Significant Natural Area.

It should also be noted that this wetland is in the process of formal protection by Queen Elizabeth II National Trust (QEII)

2.3 Ecological values

Coastal wetlands are uncommon in Taranaki. The lakes provide important habitat for coastal birds including migratory birds. Also provides core habitat for Australasian bittern and little black shag, and other indigenous birds.

The Lake Kaikura wetland is partially fenced and the majority of the wetland margin has been planted. The wetland is in reasonable condition now with virtually no stock access, successful enhancement plantings, and ongoing pest and weed control.

2.3.1 Flora

Lake Kaikura site contains a large raupo (*Typha orientalis*) wetland at the top end of the lake. Other vegetation types include flaxland and reedland, containing toetoe, flax (*Phormium tenax*) and *Carex* spp. Vegetation types alter according to the gradient from wetter to drier sites on the gully arms. Small forest remnants are present, including karamu (*Coprosma robusta*) and wharangi (*Melicope ternata*).

Exotic species such as pines and macrocarpa are also present.

2.3.2 Fauna

Lake Kaikura is a feeding area for a significant number of native water birds including the 'Acutely Threatened (Nationally Endangered)' matuku/Australasian bittern (*Botaurus poiciloptilus*) and the 'At Risk (Sparse)' Spotless crane (*Porzana tabuensis plumbea*).

It is an important habitat for water fowl, including New Zealand scaup (*Aythya novaeseelandiae*) and the New Zealand shoveler (*Anas rhynchosotis*).

2.4 Plant and animal pests

Lake Kaikura is unfortunately not in Taranaki Regional Council's self-help possum programme. The landowners carry out annual possum control. There may be future possibilities for pest control of other pest species, such as mustelids and rats, through a biodiversity plan.

Weed control is carried out regularly by landowners but willow and gorse have increased in areas which are more difficult to access.

2.5 Fencing and enhancement planting

Stage 1 - Fencing has been carried out partially by the landowners. Fencing, planting and releasing has been funded with Taranaki Regional Council Environmental Enhancement Grant funding to a total of \$18,000 in 2002.

Stage 2-Blanking & weed control funding of up to \$9200 was applied for from the Taranaki Regional Council and approved for the 2008 planting season. This was done on Richard Dwyers property.

Stage 3- cost as in paragraph 6. This is to complete the fencing & planting on both Waiwira Holding Limited and Mangaroa Farms, this is the final stage of the project.

The latest photo is attached.

2.6 Estimated costs

5000 plants @ \$2.65/plant	\$13,250.00
Planting 5000 @ \$2.00/plant	10,000.00
Weed control	700.00
Total cost	\$23,950.00

The fencing of this area at approximately \$18,000 will be met by QEII and the South Taranaki District Council and not by the Taranaki Regional Council.

2.7 Time period

Fencing and weed control can be carried out in the Autumn of 2009 and planting can be carried out in June 2009 on the provision that funding is approved by the Taranaki Regional Council.

3. Recommendation

That the Taranaki Regional Council approves an Environmental Enhancement Grant of \$23,950.00 for the proposed works around Lake Kaikura.



Lake Kaikura

Memorandum

To RA Phillips, Director - Operations
From J Loveridge, Land Management Officer
Document 525441
Date 21 October 2008

Tongaporutu Whitebait Spawning & Habitat Protection

1. Purpose

The purpose of this memo is to seek funds from the Environmental Enhancement Grant for whitebait spawning and habitat protection for stage 2 on the Lobb/O'Sullivan property within the Tongaporutu estuary and tributaries.

2. Summary

The project has been established to protect whitebait spawning and habitat areas on the Tongaporutu and Hutiwai Rivers and their tributaries. The areas are situated on Emma O'Sullivan's and Evan Lobb's property. Tongaporutu Estuary is also classified as an area of outstanding coastal value under the Coastal Regional Plan.

The project aims to include further properties for whitebait spawning and habitat enhancement in the future. Honda through their tree fund, are involved in the project and funded trees in 2007 & 2008 planted on two properties. The community also has shown an interest with the local school planting the trees in 2007 and local whitebait fisherman assisted with planting in 2008.

At present the spawning and habitat areas identified by Taranaki Regional Council staff and Department of Conservation officers are unfenced, have very little vegetation and are grazed by stock. Conservation Plan 230 has been prepared to outline areas identified for fencing and planting.

Stage 1 (sections 1, 2 & 3) have been fenced in 2008 and a Memorandum of Encumbrance placed on the fence. The proposal for 2009 outlines fencing sections 8, 10, 11 at a cost of \$10152.

2.1 Ownership and Land Tenure

The sites identified are all on the one property being run as a dry stock unit.

Emma Colleen O'Sullivan & Evan John Lobb - 39.1779Ha Lot 2 DP 345732, 39.32Ha Lot 4 DP 345732

2.2 Current Protection Status

The 2009 areas for fencing are currently under private ownership with the land owners agreeing to sign a Memorandum of Encumbrance to protect the public funded asset.

2.3. Ecological Values

2.3.1. Ecological values of the Tongaporutu and Hutiwai Rivers and their tributaries:

The Tongaporutu and Hutiwai rivers are valuable from an ecological perspective. These rivers and their tributaries are home to a diversity of native freshwater fish including eels, kokopu, inanga, torrentfish and bullies including threatened species such as Giant and Shortjawed kokopu.

The juveniles of inanga and kokopu are what are known as whitebait. Whitebait are the focus of important recreational and commercial fisheries which have been in decline since the early 1900's, primarily due to habitat destruction. The banks of the Hutiwai and Tongaporutu Rivers and their tributaries harbour a number of whitebait spawning areas and have the potential to harbour many more if parts of these tributaries that flow through pastureland are adequately fenced.

The Tongaporutu and Hutiwai rivers and their tributaries are also home to and visited by a number of water bird species. Of particular note are fernbird which are classified as nationally 'at risk (sparse)' by the Department of Conservation, and which are particularly uncommon in Taranaki.

A large majority of the upper reaches rivers and stream in the Tongaporutu catchment flow into native forest including protected forest in the Whitecliffs Conservation Area and Hutiwai Conservation Area. The Hutiwai Stream is fed by a large wetland within the Hutiwai Conservation Area which has been deemed a "Significant Wetland". This wetland is known to be home to significant numbers of Banded kokopu.

The stretches of the Hutiwai and Tongaporutu rivers which flow through pastureland flow in-between and around the Hutiwai Conservation Area, Whitecliffs Conservation Area and Tongaporutu Conservation area/Pou Tehia Historic Reserve. These reserves are home to a diversity of forest bird species including threatened species such as North Island brown kiwi, kaka and New Zealand pigeon.

2.3.2 Ecological value of the project:

While the upper reaches of many tributaries in the Tongaporutu catchment flow through native bush and thus provide high quality habitat for adult whitebait, these upper reaches are not suitable for whitebait spawning. Adult whitebait spawn at low elevations near the limits of tidal inundation. In the Tongaporutu catchment, the majority of these areas are in pastureland, where tributaries are unfenced and have no riparian vegetation.

Where tributaries flow through pastured areas and are unfenced, they are unsuitable as whitebait spawning areas. Furthermore they provide poor adult habitat and poor passage for adult whitebait travelling up and down stream between their adult habitats, spawning areas and the sea.

Fencing is crucial for management of whitebait adult habitat and spawning areas as it prevents trampling of eggs and destruction of streamside vegetation by livestock. Streamside vegetation is important for whitebait because it;

- a) helps maintain water quality by absorbing sediment and excess nutrients,
- b) provides whitebait with shelter and hiding places,
- c) helps maintain water temperatures at levels favourable for whitebait,
- d) provides woody debris which cause water to back up creating the deep slow flowing pools which whitebait prefer and,

e) provides a place where whitebait can spawn and where eggs can stay moist

Fencing of riparian margins in the Tongaporutu catchment would be valuable in creating whitebait spawning areas and in restoring and enhancing adult habitat. This in turn is likely to a) increase whitebait abundances, b) help sustain the biodiversity of waterways in the catchment and maintain them as viable, natural and healthy freshwater ecosystems and c) enhance the whitebait fishery (which has been deemed to be an unimportant factor in whitebait declines¹).

Fencing and revegetation of riparian areas in the Tongaporutu catchment would have additional benefits for other species aside from whitebait. Such species include other native freshwater fish, aquatic invertebrates, birds, lizards and terrestrial invertebrates. Riparian vegetation will provide additional habitat for threatened fernbird and will compliment and increase connectivity among the Conservation Areas and Reserves listed above.

2.4 Plant & animal pests

Plant pests currently are not an issue within these areas as they have been open to stock grazing. There may be some future problems once the stock are excluded. Future animal pest control will need to address threats to whitebait reproducing.

2.5 Fencing and enhancement planting

Stage 1-Fencing has been carried out funded by the Taranaki Regional Council's Environmental Enhancement Grant a total of \$19391.96. (2007 Memo Document Number 382309) A Memorandum of Encumbrance was placed on the fence. Planting of some of the area has also been completed funded by the Honda tree fund and privately funded by the land owners. Photos attached.

Stage 2- The proposal for 2009 outlines fencing sections 8, 10, 11 at a cost of \$10152. Further planting will continue in these areas funded privately and through the Honda tree fund.

2.6 2009 Estimated cost

752m of 9 wire fencing @ \$13.50/m \$10152

2.7 Time Period

Fencing and planting will be undertaken in the winter of 2009

3. Recommendation

That the Taranaki Regional Council approves an environmental grant for \$10152 for the protection of whitebait spawning and habitat on the Lobb/O'Sullivan property at Tongaporutu.

¹ Richardson, J. & Taylor, M.J. (2002) A guide to restoring inanga habitat. *NIWA Science & Technology Series* No. 50

28 October 2008

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**Memorandum to
Chairperson and Members
Executive Committee**

Port Taranaki Blue Highway Bridge Study application

Purpose

1. The purpose of this memorandum is to:
 - update Members of an application to be made by Port Taranaki to the New Zealand Transport Agency for funding to undertake a feasibility study into a Blue Highway Sea Freight proposal; and
 - seek Members support for such a funding application by Port Taranaki.

Background

2. Members may recall that the Council has supported Port Taranaki with their bid to implement an investigation into the economic viability of a “Western Blue Highway” sea freight link between Port Taranaki and Nelson, as well as other western seaboard ports located along the New Zealand coast. A report on this issue was taken to a Regional Land Transport Committee meeting on 13 March 2008 and information was included in the 2008/09 Annual Plan (Page 15).
3. Since then the Ministry of Transport and newly formed New Zealand Transport Agency has allocated \$6 million for 2008/09 as a contestable fund for projects which best contribute to the aims of the *Sea Change: Transforming Coastal Shipping in New Zealand* document and the *New Zealand Transport Strategy 2008*, with a further \$30 million available in subsequent years. The rules of this Fund specify that private sector organisations (including port companies) can now apply, not just approved organisations such as regional councils.
4. There are therefore two opportunities per year to apply for this funding assistance. The first application period closes 31 October 2008 and the second in March 2009.

Sea freight funding application

5. Port Taranaki has therefore prepared a draft funding application to be submitted to the New Zealand Transport Agency by 31 October. A copy of the draft application has been attached for Members’ information.
6. Members will note that the application is aimed at investigating opportunities for allowing ro-ro ships to berth at Port Taranaki, hence allowing for the carriage of truck and trailer units/containers between New Plymouth and Nelson. Such a service is anticipated to save 200km in road miles travelled per truck movement between the North and South Islands. It is also anticipated to trigger an increased use of rail freight

and assist with the target of the new *Sea Change Strategy* for New Zealand to be transporting at least 30% of all inter-regional domestic freight by sea by 2040.

7. A request has therefore been made by Port Taranaki for support from the Taranaki Regional Council for this application. The *Regional Land Transport Strategy for Taranaki* recognises and supports opportunities for a roll-on/roll-off truck service between New Plymouth and Nelson (Page 51), as well as specifying that: “the Strategy recognises the importance of Port Taranaki for its transportation links (both domestic and international) and the role that it plays within Taranaki’s wider transportation network”. Consequently such a funding application should be supported.
8. There is no financial contribution required of the Council for this project.

Decision-making obligations

9. 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

10. 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 Land Transport Act 1998 and Land Transport Management Act 2003.

Financial considerations

11. 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

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

Recommendations

THAT the Taranaki Regional Council:

1. notes the draft application prepared by Port Taranaki for funding assistance to undertake a feasibility study into a Blue Highway Sea Freight proposal to be sent to the New Zealand Transport Agency by the due date of 31 October 2008; and
2. supports the draft funding application by Port Taranaki as an opportunity to increase domestic sea freight transportation in New Zealand, as well as increasing rail and road transportation linkages within the Taranaki region.

Approved:

RA Phillips
Director – Operations

B G Chamberlain
Chief Executive

Appendix A: Application form

Please complete all sections of this application form. If you believe the question is not relevant to your application, please enter N/A. Please complete and return by 5 pm on 31 October 2008.

Section 1 – Company details

1. LEGAL NAME OF APPLICANT	Port Taranaki Ltd	
2. TRADING NAME (if any)	Port Taranaki	
3. CONTACT PERSON	Name: Jon Hacon Title/role: Business Development Manager Address: PO Box 348, New Plymouth Phone: 06 759 9817 Fax and email: 06 751 5051 Jhacon @porttaranaki.co.nz	
4. GST REGISTRATION NO.	50653285	
5. PROFILE OF APPLICANT (attach information if not enough room)		
(a) Legal status	Limited liability company? YES	Other? (specify)
(b) Country of residence	New Zealand? YES	Other? (specify)
(c) Details of owners/ controllers	Owners: Taranaki Regional Council Country of residence: NZ	
(d) Financial information	Bankers: BNZ Most recent annual report: 20 June 2008	
(e) Insurance	Types of cover held and \$ cover: Port & legal liability, material damage, business interruption, loss of revenue, marine hull, directors and officers liability, statutory liability, personal accident, professional indemnity, bailee's liability, fidelity guarantee, punitive and exemplary damages. Total cover \$ 6.33m	

	Insurer's name(s): VERO (mainly). Broker: Aon
(f) Lawyers	Name of law firm: Govett Quilliam Partner/contact person: Paul Franklin Telephone: 06 769 3700 Facsimile: 06 768 3701
(g) Number of qualified personnel employed by you	Total number of personnel: 128 Types of qualifications: Marine staff, office staff, trades people
(h) Are you doing this for yourself or as an agent?	For yourself: YES As an agent: NO. If yes, for whom?
(i) Are you an undischarged bankrupt?	NO
(j) Have you/your organisation ever had funding withdrawn from any other government entity?	NO If YES, please provide details
(k) Are you facing any disciplinary actions / under supervisory conditions?	NO If YES, please give provide details

6. CAPABILITY/EXPERIENCE/REFERENCES/QUALIFICATIONS	
(a) Details of capability in area	Own and operator Port Taranaki. Annual report 30 June 2008 attached.
(b) Details of experience in area	Providers of port services to coastal shipping since 1865
(c) Details of major customers and referees	1. Maersk Line. Neville Kershaw, Marine Manager, 09 354 1765 2. Shell Petroleum Mining Company Ltd, Chris Mulvena, LPG Manager
SIGNED BY/FOR INTERESTED PERSON	I have read the <i>Domestic sea freight development fund: Guide for applicants</i> and wish to lodge my application.
	Signature: Name: Title: Date:

Section 2 – Project details

Project name	Port Taranaki Blue Highway Bridge Study
Project description	<p>To investigate the feasibility of putting in infrastructure at Port Taranaki to allow the berthing of roro ships. The roro ships are to carry truck and trailer units /containers between New Plymouth and Nelson. This service is designed to save 200 km in road miles per truck movement North Island to South Island and vice versa. In so doing the service will reduce truck movements in the lower half of the North Island. The facility is also expected to trigger an increased use of rail freight in the central north island to transport containers from origins as far away as Napier to New Plymouth, with transfer from rail to sea at New Plymouth, and then to road transport at Nelson. There has been some initial discussion of extending the roro service to most west coast ports (Bluff, Westport, Greymouth, Tarakohe, Wanganui and Onehunga); the study will address the possible expansion to a preliminary level of detail only, sufficient to indicate whether further investigation is likely to be warranted.</p>
Provide a history of the project	<p>This idea has been studied with truck operators during the past 4 years. It has their support. The idea was also first mooted with the Minister of Transport in May 2007 who received it positively. The former Land Transport New Zealand funded an initial study (through an independent consultant, Warwick Walbran Consulting Ltd) into the project under the direction of land Transport New Zealand. This initial work resulted in an indicative BCR for the wider project of 28 and strongly recommend a detailed study be undertaken. Funding for the full study (c. \$100,000) was applied for from LTNZ in early 2008. LTNZ's response was that funding should be applied for once NZTA was set up and Seachange in place.</p>

<p>Issue to be addressed</p>	<p>Our studies with transport operators indicate a utilisation of the service of 400 lane metres (20 truck and trailer loads) each way (New Plymouth >Nelson >New Plymouth) every working day. The proposed investigation will address opportunities to achieve efficiencies in our national transport system, focusing on the bottom half of the North Island and the top half of the south island.</p> <p>Please see the attached Port Taranaki proposal.</p>
<p>How will the issues addressed contribute to the objectives of the New Zealand Transport Strategy 2008 and <i>Sea change</i>?</p>	<p>The investigation will assess and to some extent quantify the degree to which the proposal contributes to the objectives of the New Zealand Transport Strategy. The proposal is strongly in line with Seachange aims in promoting greater usage of coastal shipping.</p>
<p>How will you implement and manage this project?</p>	<p>Port Taranaki has an established and proven system for commissioning and managing suppliers and will use this system. This application is for the funding of the detailed study only. It is envisaged that Warwick Walbran Consulting Ltd be engaged to complete the study with the Ministry, the NZTA the Taranaki Regional Council and Port Taranaki being recipients of the findings.</p>
<p>How will you operate and manage this project?</p>	<p>Port Taranaki has an established and proven system for commissioning and managing suppliers and will use this system.</p>
<p>Where is the service/facility to be operated between/located?</p>	<p>Infrastructure located at New Plymouth, Nelson. Services to be operated between Nelson and New Plymouth.</p>
<p>What alternatives are there to providing this service/facility?</p>	<p>Continue to operate as the port has been operated in the past</p>
<p>What options have been considered?</p>	<p>Nil</p>

Section 3 – Financial details

Provide all details in \$m.

	Year 1	Year 2	Year 3
Total cost	\$100,000		
NZTA contribution sought	\$100,000		
Funding from other public sector organisations			
Funding from private organisations			
Reinvestment of own funds			
Funding from other sources			
Total funding from all sources			
Please state the year and quarter on which your estimates are based, eg 2007 Q3	2008 Q1		

Please fill out the years as appropriate. One-off projects only need to fill in the first column. Further years may be added should your project require funding beyond year 3.

Section 4 – Risk assessment

Has a risk assessment been undertaken? (If yes, please attach copy.)	NA
Where a risk assessment has not been undertaken, list the possible risks associated with the service/ facility/training being successfully delivered and then operated.	
What mitigation measures are proposed in relation to either the risk assessment attached or those risks identified above?	

Section 5 – Economic evaluation

TO BE DETERMINED AS PART OF THE STUDY

This section should only be filled for proposals that lead to movement in sea freight.

It is up to applicants to determine the level of funding being sought. However, the NZTA may not allocate the full amount sought. When assessing funding applications, NZTA will consider funding availability, merits of the proposals, benefit and cost ratios and other factors that are likely to influence or contribute to the government’s overall transport objectives. A spreadsheet for performing the economic evaluation is available on www.nzta.govt.nz.

Year	Net tonne-km	\$/net tonne-km	Estimated Benefits	Discount factor	Present value of estimated benefits	Estimate total financial cost	Present value of estimated total financial cost	Funding requested	Present value of funding requested
(1)	(2)	(3)	(4)=(2)×(3)	(5)	(6)=(4)×(5)	(7)	(8)=(5)×(7)	(9)	(10)=(5)×(9)
1		\$0.22		0.93					
2		\$0.22		0.86					
3		\$0.22		0.79					
4		\$0.22		0.74					
5		\$0.22		0.68					
		\$0.22							
(11)= sum of column (6)→									
(12)= sum of column (8)→									
(13)= sum of column (10)→									

BCR_N	BCR_C
(14)=(11)/(12)	(15)=(11)/(13)

Steps

In column **(1)**, list the number of years that the proposal is seeking funding.

In Column **(2)**, enter the annual net tonne kilometres of the total freight transferred or secured to coastal shipping (considering the road transfers required from origin to wharf and wharf to destination).

Column (3) is the estimated dollar benefit per net tonne km of freight (ranges from \$0.22 to \$0.32 per tonne km) for reduced road maintenance, fuel consumption, emissions and accident cost savings. This excludes the cost of intermodal transfers and time costs of freight. Note that the estimated dollar benefit per net tonne km of freight shown in this table is for indicative purpose only. For further details, please refer to the following section on 'The methodology of the domestic sea freight evaluation value'.

Column (4) is the estimated benefits for securing the freight volume in each year calculated by multiplying the numbers in columns (2) and (3).

Column (5) contains the discount factor (at an annual discount rate of 8%) for discounting future cash flows to present dollar values.

Column (6) is the present value of the future benefits calculated by multiplying the numbers in columns (4) and (5).

In column (7) – Enter the estimated total financial cost of providing the service for each year that is applicable to the proposal.

Column (8) is the present value of the future costs calculated by multiplying the numbers in columns (5) and (7).

In column (9) enter the amount of funding that is requested

Item (10) is the total present value of the funding requested. Calculated by the sum of columns (9) and (5).

Item (11) is the total present value of benefits, calculated by the sum of column (6).

Item (12) is the total present value of the costs, calculated by the sum of column (8).

Item (13) is the total of the present value of the funding requested, calculated by the sum of column (10)

Item (13) is the benefit cost ratio to the nation, calculated by dividing item (11) by item (12).

Item (15) is the benefit cost ratio to government, calculated by dividing item (11) by item (13).

To be considered for funding, the benefit cost ratio to government must be greater than 1. Proposals with higher benefit cost ratios will generally be ranked higher, as they maximise the return for investment.

The methodology of the domestic sea freight evaluation value

This is based on the economic resource cost of road transport, operator profit and externalities. The resource cost excludes road user charges and taxes.

Resource cost of road transport

- Operator costs
 - Vehicle operating costs
 - Operator time
- Operator profit

Externalities

- Infrastructure maintenance
- Accident costs
- Environmental costs

Sea freight evaluation value	State highway, low-axle loading	Local road, hilly terrain, high-axle loading
\$/net tonne km	0.22	0.32

Route-specific issues such as high truck accident rates and congestion would add additional benefits to freight and these situations could be evaluated with the relevant components of the *Economic evaluation manual's* Simplified Procedure for Freight Services

28 October 2008

ITEM FOUR

[Back to index](#)

**Memorandum to
Chairperson and Members
Executive Committee**

Trial Bus Services' Operational Report

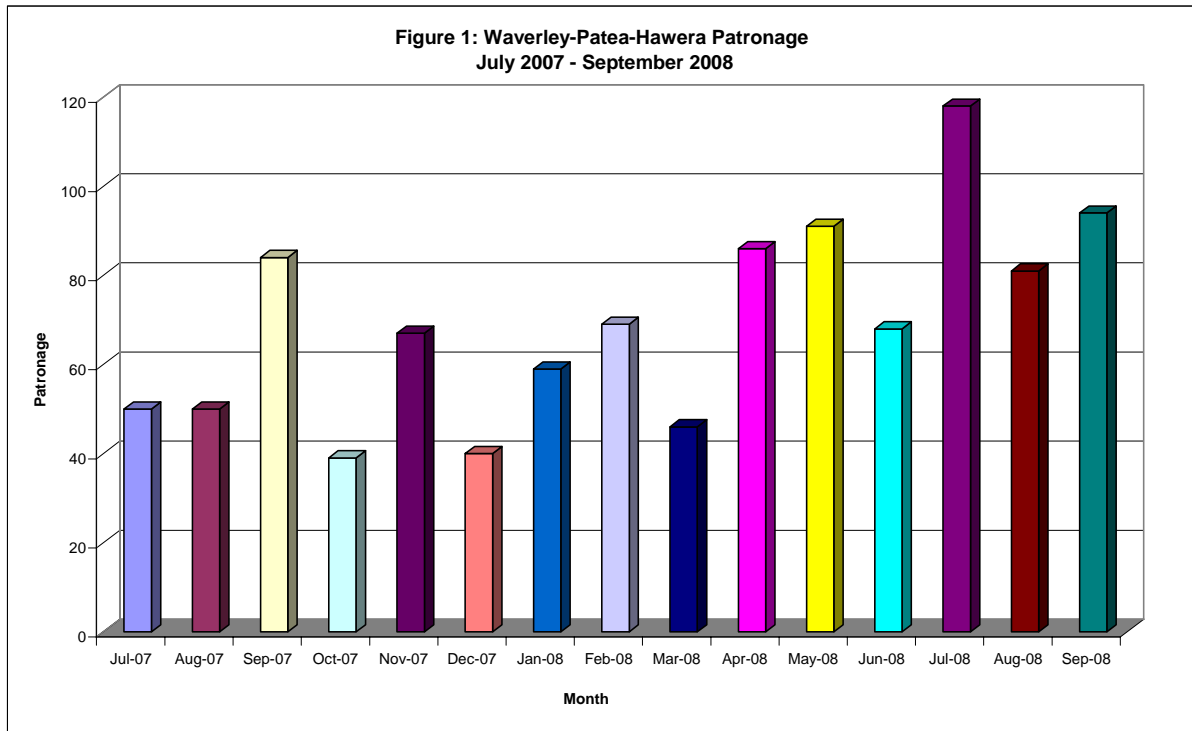
Purpose

1. The purpose of this memorandum is to:
 - provide Members with an update on the Council's trial service's being the three South Taranaki Bus Services (collectively known as SouthLink) and the once-a-week Inglewood to New Plymouth Bus Service; and
 - provide Members with information as to the decisions for the future of these services.

Background

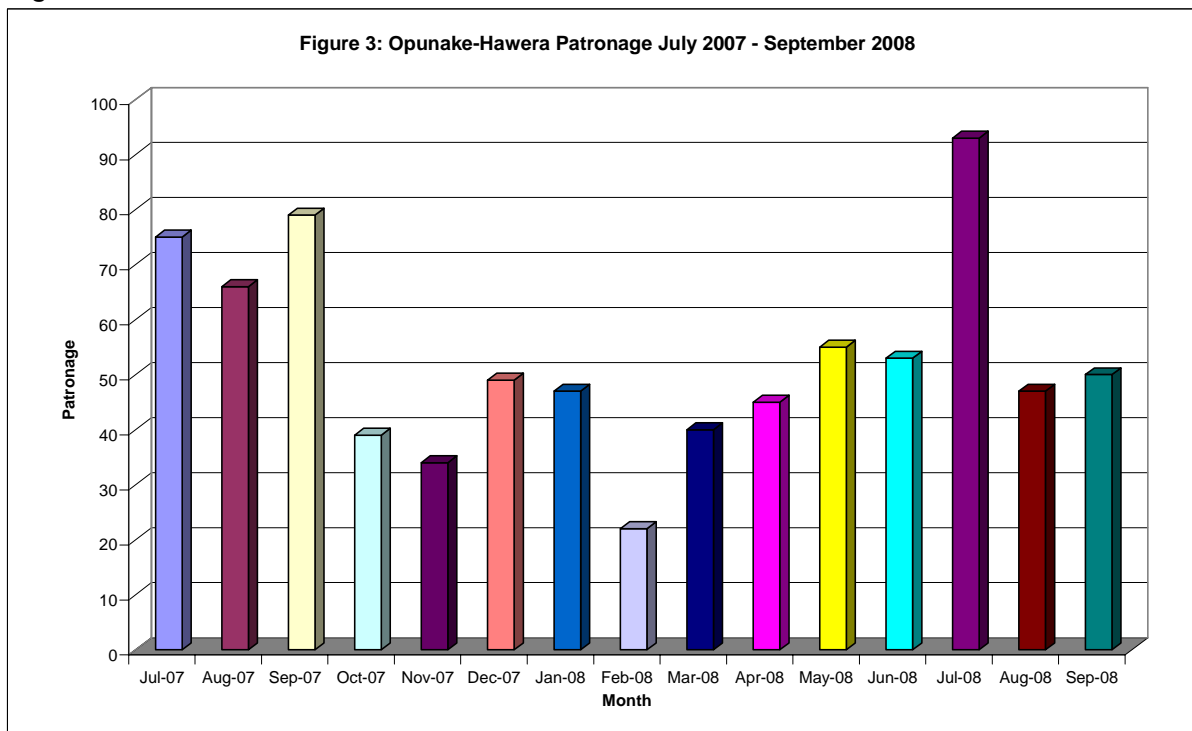
2. Members will be aware that the SouthLink services (Waverley to Hawera, Opunake to Hawera and Opunake to New Plymouth) and Inglewood to New Plymouth service are operated under contracted trial agreements with the Council. These agreements will end on 30 June 2009. It is therefore necessary for the Council to receive an update on the existing services and note potential costs should these services be continued after the trial periods.
3. **The trial evaluation criterion for each service is 6 passengers per trip.**
4. As these services are provided in partnership with the New Zealand Transport Agency (who provides 50% funding assistance to all these services), it was necessary for the Council to "procure" this service through the rules specified in a *Competitive Pricing Procedures Manual* prepared by New Zealand Transport Agency.
5. Figure 1 shows the monthly patronage information for the Waverley to Hawera service.
6. September patronage totalled 94 (86 adults, 8 children) with an average of 12 passengers per trip. There are a consistent high number of patrons utilising the service from Patea, with 70 Adults making the trip in September.
7. Average patronage over the trial period is 69 (57 adults, 11 children) Passengers per trip over the trial period averages 8.2, compared to the criterion of 6.

Figure 1



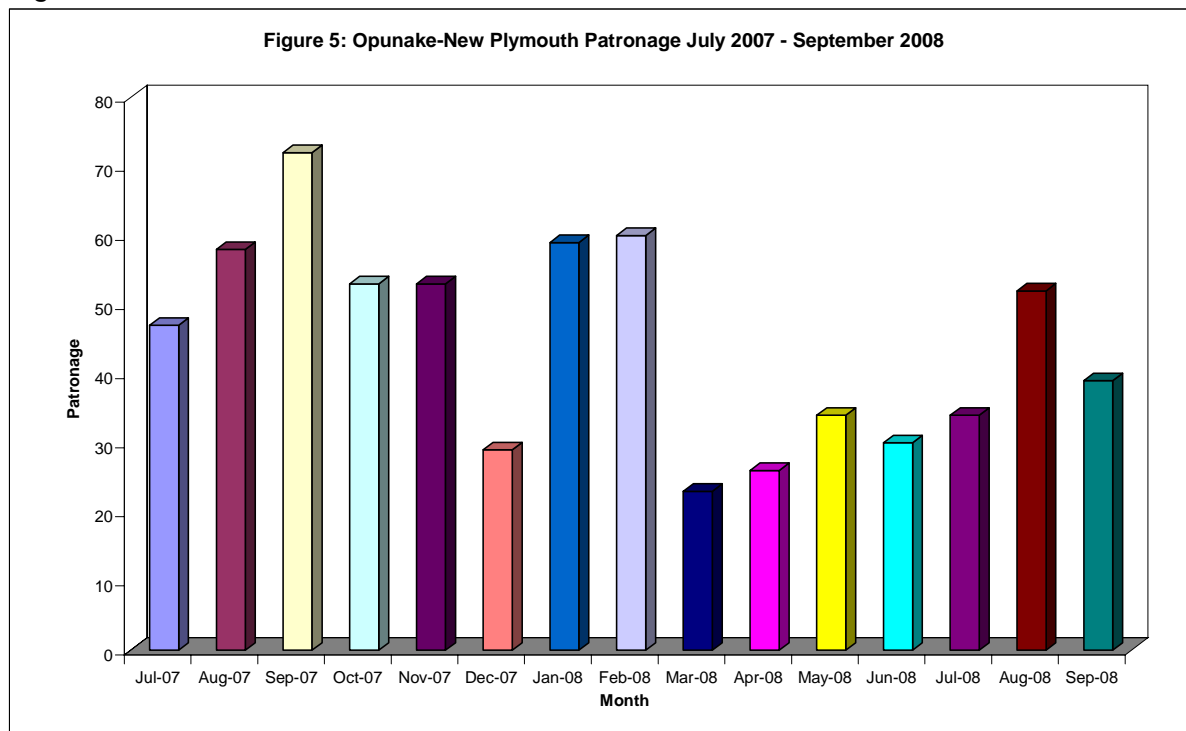
8. Figure 2 shows the monthly patronage information for the Opunake to Hawera service.
9. September patronage totalled 50 (50 adults) with an average of 6 passengers per trip. There are a consistent high number of patrons utilising the service from Eltham, with 31 Adults making the trip in September.
10. Average patronage over the trial period is 53 (47 adults, 6 children) Passengers per trip over the trial period averages 6.3, compared to the criterion of 6.

Figure 2



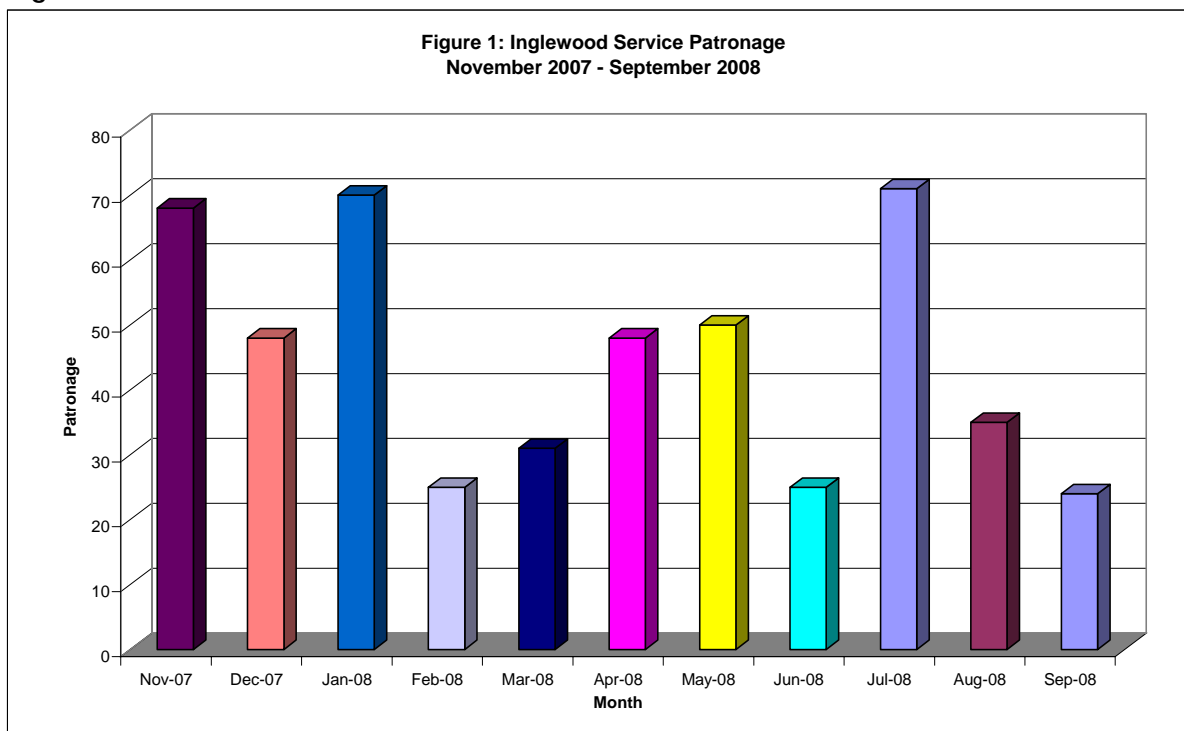
11. Figure 3 shows the monthly patronage information for the Opunake to New Plymouth service.
12. September patronage totalled 39 (33 adults, 6 children) with an average of 5 passengers per trip.
13. Average patronage over the trial period is 45 (33 adults, 12 children) Passengers per trip over the trial period averages 5.4, compared to the criterion of 6.

Figure 3



14. Figure 4 shows the monthly patronage information for the Inglewood to New Plymouth service.
15. September patronage totalled 24 with an average of 3 passengers per trip. It should be noted that the Inglewood to New Plymouth service has only been running for 11 months compared to 15 months for the Southlink services
16. Average patronage over the trial period is 45. Passengers per trip averages 5.4, compared to the criterion of 6.

Figure 4



17. Members will recall that at the 23 June 2008 Executive Committee meeting approval was given to extend all of these trials until the 30 June 2009. This was to allow further assessment of the trials and to provide the Council the opportunity, should these services be continued, to facilitate the bundling of these services into one Request for Tender, thereby providing administrative efficiencies.

Decisions for the future

- 18. Members will be requested early in 2009 to decide the future of each of the services as to whether they continue or stop after the end of the trials.
- 19. A projection of first year anticipated cost and revenue for each service has been provided. An independent cost assessment of each service is also being obtained. However, at the time of preparing this agenda memorandum this had not been received.

Table 1

Service	Estimated Gross Cost	Projected Revenue (based on last 12 months)	Net Cost
Waverley to Hawera	\$16,000	\$4,000	\$12,000
Opunake to Hawera	\$16,000	\$2,400	\$13,600
Opunake to New Plymouth	\$17,000	\$2,200	\$14,800
Inglewood to New Plymouth	\$12,000	\$2,100	\$9,900
Total	\$61,000	\$14,700	\$50,300

20. The net cost is 50% funded by New Zealand Transport Agency (i.e. \$25,150).
21. With the likely introduction of the SuperGold Card Scheme from 1 November 2008 it is anticipated the free off-peak travel for card holders, of which these are all eligible services, will result in additional patronage and therefore additional revenue from that shown above.
22. Members will recall that the pre-trial criteria for each service were 6 passengers per trip with the message given to the communities of 'use it or lose it'. Only the Waverley to Hawera has exceeded this criterion, with an average 8.2 passengers per trip. The Opunake to Hawera is meeting the criterion, averaging 6.3 passengers per trip. However, both the Opunake to New Plymouth and Inglewood to New Plymouth are just under the criterion, each averaging 5.4 passengers per trip.
23. Based on the assessment criteria there would therefore be an expectation from the communities serviced by both the Waverley to Hawera and Opunake to Hawera that having meet the pre-trial criteria these services would be continued after 1 July 2009.
24. This leaves a further decision to be made on both the Opunake to New Plymouth and Inglewood to New Plymouth services (which are just below the criterion) as to whether they should continue after 1 July 2009. Pickering Motors (who operates the Opunake to New Plymouth service) advise that a growing number of passengers are using this service to travel to Taranaki Base Hospital; therefore this service is providing needed access to health services, rather than just a shopping service.
25. In the annual passenger services survey (carried out in May of this year) the responses from the users, of the above mentioned services showed that they do value them and rated them as very good or excellent on most questions. There was a general feeling from users of all the trial services that there should in fact be additional services available rather than just once-a-week. For the communities to lose these basic once-a-week services would again place these communities with few regional links to larger centres and ignore the needs of the transport disadvantaged.
26. Council Officers have also discussed the continuation of the Opunake to New Plymouth and Inglewood to New Plymouth services with staff of the South Taranaki District Council (STDC) and a member of the Inglewood Community Board respectively. STDC are conducting a survey of users late October and request that the South Taranaki Council have the opportunity to review the survey and discuss the future of this service. The Inglewood community board is meeting on the 4 November and have also requested the opportunity to discuss the Inglewood service. A report will be prepared for Council's consideration, early in 2009 on whether the trial services' should continue post 1 July 2009 on a contractual basis.

Conclusion

27. The four services are all performing either just below or above the pre-trial criterion of 6 passengers per trip. These services do provide opportunities for the transport disadvantaged and general public in these rural communities to access not only retail shops but also health services and providing transport links to larger regional centres.
28. The introduction of the SuperGold Card Scheme provides an incentive to card holders to utilize these services, with additional patronage likely to be achieved.

Recommendations

THAT the Taranaki Regional Council:

1. notes the update of the three SouthLink passenger service trials;
2. notes the update of the Inglewood to New Plymouth service trial;
3. notes that a report will be prepared and submitted to Council in early 2009 to decide the future of the services post 1 July 2009.

R A Phillips
Director - Operations

Approved:

B G Chamberlain
Chief Executive

ITEM FIVE

28 October 2008

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Memorandum to Chairperson and Members Executive Committee

SuperGold Card Scheme

Purpose

1. The purpose of this memorandum is to:
 - provide Members with background to the implementation of a national SuperGold Card Scheme;
 - provide an assessment of impact this Scheme will have on Council's passenger transport services; and
 - seek Members' endorsement for the Taranaki Regional Council to participate in the Scheme from 1 November 2008.

Background

2. Additional government funding is being provided to regional councils for the provision of free off-peak travel for SuperGold Card holders on scheduled public transport (train, bus and ferry) services. The intention of the Scheme is to increase mobility and community access for an estimated 530,000 New Zealanders who are aged 65 and over.
3. Cardholders will have greater mobility through increased access to public transport, particularly those who are living on a fixed income, do not have a vehicle, or who can no longer drive. Another benefit will be increased usage of the public transport system at off-peak times.
4. Each regional council is to decide which specific services will be free for SuperGold Card holders. The Scheme was effective from 1 October 2008. Eleven regions implemented the Scheme on this date.
5. The reimbursement rate to regional councils, for the carriage of eligible card holders, is 75% of the adult cash fare. For example in New Plymouth the reimbursement rate will be \$2.25 (i.e. 75% of \$3.00 Adult fare) compared to the current discounted 10-trip ticket fare for Senior Citizens of \$1.30. The Scheme is 100% funded by NZ Transport Agency, and will provide additional revenue to the Council.

Scheme rules

6. The rules for the Scheme are as follows:
 - The card can only be used for travel on scheduled public transport within a region.

- The Scheme applies to off-peak travel only which is defined as:
 - a. 9am to 3pm on Working Days
 - b. 6.30pm to the end of scheduled services on Working Days
 - c. Saturdays, Sundays and public holidays
 - Regional councils will be responsible for administering the Scheme.
 - Any additional costs incurred by regional councils will be fully funded by NZTA.
 - The Scheme is available to all New Zealanders who are aged 65 years and over, and those under who are receiving either New Zealand Superannuation or the Veteran's Pension.
 - While the travel concessions do not apply to the Total Mobility Scheme there will be card holders with disabilities who use conventional public transport services and will also be eligible as long as they have a SuperGold Card.
7. Demand for off-peak public transport services will be monitored during the first year of the Scheme to provide a better idea of ongoing funding needs. The New Zealand Transport Agency (NZTA) has developed operator contracts and a Memorandum of Understanding for councils which states the terms and conditions of the Scheme. Council Officers provided feedback to NZTA during the drafting of these documents.

Implications for the Taranaki region

8. The Scheme will only affect bus passenger transport services within Taranaki as no passenger rail or ferry services operate in Taranaki.
9. All Council passenger service contracts are on a gross contract basis where the Council pays the total cost of the service, with all revenue coming to the Council. Therefore the reimbursement by NZ Transport Agency for the carriage of SuperGold Card holders will return to the Council and not the Operators.
10. The Scheme will impact on all current passenger transport services. The services being:
 - a. New Plymouth, Bell Block, Waitara and Oakura service;
 - b. Opunake to New Plymouth service;
 - c. Waverley to Hawera service; and
 - d. Inglewood to New Plymouth service.
11. A meeting of Council Officers and Operators was held on Friday 10 October 2008 where Council Officers provided a briefing on the Scheme, provided draft Operator contracts and additional supporting information. All Operators have subsequently confirmed their willingness to participate in the Scheme and acceptance of the contractual terms and conditions.
12. An assessment of the financial impact of the Scheme follows in Tables 6 and 7 for the New Plymouth service. Table 6 shows the potential net revenue, using patronage figures from 2007/08 year for the SuperGold Card Scheme, while Table 7 shows a comparison of the net revenue gained under the current fare structure.

Table 6

Service	Senior Citizen Patronage* 01/07/07 to 30/06/08	75% of total patronage (assuming 75% of the total patronage traveled at off-peak times with a SG card)	NZTA Reimbursement Rate (75%)	Total SGC revenue
New Plymouth/Bell Block Urban	25,136	18,852	2.25	\$42,417
New Plymouth Urban - Saturday	462	All Saturday services are off peak	2.25	\$1,039
Waitara	1,117	837	3.75	\$3,142
Oakura	Nil		3.75	Nil
* Total patronage is based on the patronage numbers of Senior Citizens reported during the Concession Fare Agreement with OBL.			Sub Total	\$46,868
			Less GST	\$5,208
			Net Revenue for 12 months	\$41,660

13. Projected net revenue from the introduction of the SuperGold Card Scheme for the NP service (for 12 months) is therefore an estimated \$41,660.00 (GST exclusive).

Table 7

Service	Senior Citizen Patronage* 01/07/07 to 30/06/08	75% of total patronage (assuming 75% of the total patronage traveled at off-peak times with a SG card)	10-trip ticket rate	Total revenue
New Plymouth/Bell Block Urban	25,136	18,852	1.30	\$24,507
New Plymouth Urban - Saturday	462	All Saturday services are off peak	1.30	\$600
Waitara	1,117	837	1.70	\$1,423
Oakura	Nil		1.70	Nil
* Total patronage is based on the patronage numbers of Senior Citizens reported during the Concession Fare Agreement with OBL.			Sub Total	\$26,530
			Less GST	\$2,947
			Net Revenue for 12 months	\$23,583

14. In comparison, the projected net revenue is an estimated \$23,583 (GST exclusive) for twelve months based on the current 10-trip ticket prices.
15. Therefore with the introduction of the SuperGold Card there is potentially a net gain to the Council of \$18,077 (GST exclusive) additional revenue per year on the New Plymouth Bus Service. As the Scheme will only be initiated for the remaining 8 months (from 1 November 2008) of this financial year, it is estimated a net gain of \$12,000 (GST exclusive) may be achieved. If the SuperGold Card attracts new users there will obviously be an increase in the additional revenue to the Council.
16. There will also be additional revenue generated from the 4 other bus services. However as these are only once-a-week services, and no figures for Senior Citizen patronage are available, an estimate of revenue has not been carried out.

Conclusion

17. Council Officers view the Super Gold Card initiative as being worthwhile (in support of both Senior Citizens and War Veterans). It provides a real incentive for SuperGold Card holders to utilise bus services and to increase this group's level of usage. While the Council has to administer the Scheme on a regional level, officer time is 100% funded by NZ Transport Agency. Another benefit is that the Scheme reimbursement rate is higher than the current discounted fare and provides additional revenue to the Council.

Recommendations

THAT the Taranaki Regional Council:

1. notes the information provided on the SuperGold Card Scheme; and
2. endorses the Councils participation in the national SuperGold Card Scheme from 1 November 2008.

R A Phillips
Director - Operations

Approved:

B G Chamberlain
Chief Executive

Smart Card – Back of Card

Terms and conditions

The card remains the property of Taranaki Regional Council.

No refunds are made on the loss or damage of a card.

Stored value on CityLink smart cards cannot be refunded.

The holder/owner of this card must abide by the operator's standard terms and conditions of carriage.

Contact Tranzit Coachlines for all enquiries.

FREE Travel for SuperGold card holders.

SuperGold Card holders can travel for **free** on off-peak City Link services (9am to 3pm weekdays and all Saturday services). Simply present your SuperGold Card to the bus driver and you can travel for free.

For general information about SuperGold, please call 0800 25 45 65 or visit www.supergold.govt.nz.

Want discounted fares? Want to avoid the hassles of carrying cash?

Smart card ticketing is available on the four weekday urban services and two weekend services. The initial card issue cost is \$15 (non refundable), including a \$10 credit to get you started. Minimum recharge amount \$10. Your bus driver can do this (cash payments only), or visit Transit Coachlines.

Contact Transit Coachlines for cards, terms and conditions.

28 October 2008

[Back to index](#)

**Memorandum to
Chairperson and Members
Executive Committee**

**2007/2008 Annual Report—Auditor's Constructive Report to
Management**

Purpose

1. To receive and consider Deloitte's *Constructive Report to Management* arising from the audit of the 2007/2008 Annual Report.

Background

2. The Local Government Act 2002 requires the Council to produce and have audited an Annual Report. In addition to the audit opinion the auditors (Deloitte on behalf of the Office of the Auditor-General) issue a report on any other findings from the audit.

Constructive Report to Management

3. The *Constructive Report to Management* arising from the audit of the 2007/2008 Annual Report is attached.
4. The matters raised by Deloitte are relatively minor in nature. For each item the Council's management has considered the issue raised and prepared a response back. These responses are included in each issue under the heading "Management Comment".
5. Generally speaking the issues raised are agreed with. However in practical terms not all of the recommendations are fully agreed with. The areas in which total agreement has not been reached are outlined in the "Management Comment". Consequently not all of the recommendations will be fully implemented.

Recommendation

THAT the Taranaki Regional Council:

1. receives Deloitte's *Constructive Report to Management* arising from the audit of the 2007/2008 Annual Report.

Approved:

MJ Nield
Director - Corporate Services

B G Chamberlain
Chief Executive

[Back to index](#)

28 October 2008

**Memorandum to
Chairperson and Members
Executive Committee**

Civic Assurance - Half-year Director's Report

Purpose

1. To receive Civic Assurance's half-year Director's Report (attached #516961).

Background

2. The Council's Investment Policy notes that it will monitor the performance of Civic Assurance. As part of that process, the latest half-year Director's Report has been presented.

Half-year Director's Report

3. The half-year results are good and there are no issues of note.

Recommendation

THAT the Taranaki Regional Council:

1. receives Civic Assurance's half-year Director's Report.

MJ Nield
Director - Corporate Services

Approved:

B G Chamberlain
Chief Executive

1 October 2008

Mr Basil Chamberlain
Chief Executive
Taranaki Regional Council
Private Bag 713
STRATFORD 4352

Dear Basil,

Half-Yearly Accounts from Civic Assurance

Please find enclosed your copy of Civic's half-yearly accounts to 30 June 2008.

The results for the first six months of 2008 for Civic are satisfactory. The unaudited net surplus before tax is \$1,061,000 compared to \$1,075,000 for 2007 and the Company is on track to achieve its financial projections presented in its 2008 Statement of Intent.

As with last year, poor weather in July combined with generally lower premiums on Civic's recent renewals means that Civic's profitability for the second half of 2008 will not be as good as its first half's. This is an experience likely to be shared by the rest of the insurance sector, all of whom operate on much high cost structures and cost ratios than Civic. Our expectation for 2009 is that insurance premiums will need to increase.

In June of this year we announced that LAPP (Local Authority Protection Programme) is able to offer protection for all local authority assets, not just what used to be called "generally uninsurable essential services". This is an outstanding risk-financing vehicle exclusively for local government, and during the next few months we will spend some time with your asset and risk managers to explain the benefits.

Civic has again been rated by AM Best, the world's largest credit rating agency for insurers, as A (Excellent). Every local authority in one way or another supports Civic Assurance, and this commitment from the sector to its local-authority owned risk-financing provider is much appreciated by the Company.

Yours sincerely,



Tim Sole
Chief Executive
04-978-1254

Civic Assurance,
114 Lambton Quay,
PO Box 5521, Wellington 6145,
<http://www.civicasurance.co.nz>
Tel: (04) 978 1250 Fax: (04) 978 1260

NZ Local Government Insurance Corporation Ltd (Trading as Civic Assurance)

**STATEMENT OF FINANCIAL PERFORMANCE (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	\$000's	Six Months				Full Year	
		2008 Group	2007 Group	2008 Parent	2007 Parent	2007 Group	2007 Parent
NET OPERATING REVENUE		1,061	1,075	1,067	1,081	2,158	2,172
Which includes:							
Income from interest	681	985	475	496	1,844	994	
Interest Expense	(204)	(484)	-	-	(840)	-	
Audit Fee Expense	(50)	(23)	(50)	(23)	(53)	(53)	
Directors' Fees Expense	(53)	(40)	(53)	(40)	(93)	(93)	
Net Surplus Before Taxation		1,061	1,075	1,067	1,081	2,158	2,172
Plus Share of Profit of Associate	-	-	-	-	23	-	
Less Subvention Payment	-	-	-	-	3	3	
Less Taxation Expense	352	357	352	357	220	224	
NET SURPLUS AFTER TAXATION		<u>709</u>	<u>718</u>	<u>715</u>	<u>724</u>	<u>1,958</u>	<u>1,945</u>

**STATEMENT OF MOVEMENTS IN EQUITY (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

		Six Months				Full Year	
		2008 Group	2007 Group	2008 Parent	2007 Parent	2007 Group	2007 Parent
Equity as at 1 January		19,195	17,739	19,212	17,777	18,081	18,111
Net Surplus After Taxation	709	718	715	724	1,958	1,945	
Less Dividend Paid	-	-	-	-	(844)	(844)	
EQUITY AS AT 30 JUNE		<u>19,904</u>	<u>18,457</u>	<u>19,927</u>	<u>18,501</u>	<u>19,195</u>	<u>19,212</u>

**STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT 30 JUNE 2008**

	2008 Group	2007 Group	2008 Parent	2007 Parent	2007 Group	2007 Parent
EQUITY						
Capital	6,391	6,391	6,391	6,391	6,391	6,391
Retained Earnings	13,513	12,066	13,536	12,110	12,804	12,821
TOTAL EQUITY	<u>19,904</u>	<u>18,457</u>	<u>19,927</u>	<u>18,501</u>	<u>19,195</u>	<u>19,212</u>
Represented By:						
Current Assets						
Bank & Cash Equivalents	9,318	8,528	9,247	8,446	9,734	9,666
Receivables	14,064	12,209	14,064	12,001	8,385	8,374
Managed Funds & Local Authority Stock	8,033	11,662	4,267	4,114	10,890	4,227
TOTAL CURRENT ASSETS	<u>31,415</u>	<u>32,399</u>	<u>27,578</u>	<u>24,561</u>	<u>29,009</u>	<u>22,267</u>
Fixed Assets						
Property, Plant & Equipment & Intangible Assets	44	64	44	64	49	49
Investments						
NZ Government & Local Authority Stock, LG Online	1,163	4,789	134	134	2,868	131
Investment Property	8,754	7,884	8,754	7,884	8,625	8,625
TOTAL INVESTMENTS	<u>9,917</u>	<u>12,673</u>	<u>8,888</u>	<u>8,018</u>	<u>11,493</u>	<u>8,756</u>
TOTAL ASSETS	<u>41,376</u>	<u>45,136</u>	<u>36,510</u>	<u>32,643</u>	<u>40,551</u>	<u>31,072</u>
Current Liabilities						
Sundry Creditors & Accrued Charges	6,612	8,651	6,605	8,434	8,135	1,468
TOTAL CURRENT LIABILITIES	<u>6,612</u>	<u>8,651</u>	<u>6,605</u>	<u>8,434</u>	<u>8,135</u>	<u>1,468</u>
INSURANCE PROVISIONS	8,815	4,163	8,815	4,163	9,229	9,229
Non Current Liabilities	5,925	13,745	1,163	1,545	3,872	1,163
Subordinated Debt	120	120	-	-	120	-
TOTAL LIABILITIES	<u>21,472</u>	<u>26,679</u>	<u>16,583</u>	<u>14,142</u>	<u>21,356</u>	<u>11,860</u>
EXCESS OF ASSETS OVER LIABILITIES	<u>19,904</u>	<u>18,457</u>	<u>19,927</u>	<u>18,501</u>	<u>19,195</u>	<u>19,212</u>

The notes to the accounts on page 3 form part of and are to be read in conjunction with these Statements.