



AGENDA

Executive, Audit & Risk

Monday 29 March 2021, 10am

Executive, Audit & Risk Committee

29 March 2021 10:00 AM

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Purpose of Executive, Audit and Risk Committee

This committee handles all of the administrative and financial matters relating to Council's operations and works programme. Because these matters relate to all aspects of the Council, the membership is aimed to reflect the different aspects of Council's committee structure.

Responsibilities

Financial and expenditure
Capital expenditure
Work proposals and expenditure
Corporate services and personnel matters
Port Taranaki Ltd matters
General Contractual and other matters.

Membership of Executive, Audit and Risk Committee

Councillor N W Walker (Chairperson)	Councillor M J Cloke
Councillor M P Joyce (ex officio)	Councillor D L Lean
Councillor C L Littlewood	Councillor M J McDonald
Councillor D N MacLeod (ex officio)	Mr B Robertson (Independent - Yarrow Stadium)

Health and Safety Message

Emergency Procedure

In the event of an emergency, please exit through the emergency door in the committee room by the kitchen.

If you require assistance to exit please see a staff member.

Once you reach the bottom of the stairs make your way to the assembly point at the birdcage. Staff will guide you to an alternative route if necessary.

Earthquake

If there is an earthquake - drop, cover and hold where possible.

Please remain where you are until further instruction is given.



Date 29 March 2021

Subject: **Confirmation of Minutes - 15 February 2021**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2729862

Recommendations

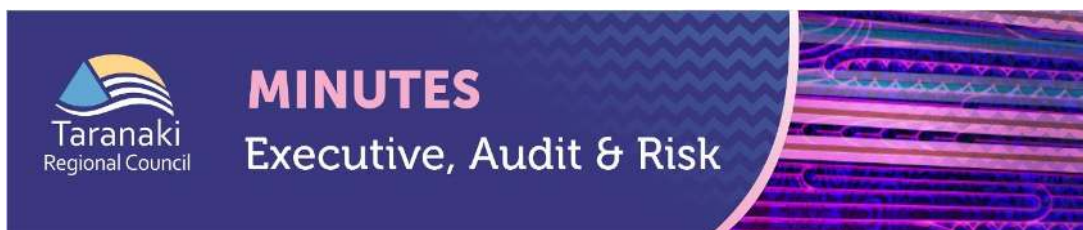
That the Executive, Audit and Risk Committee of the Taranaki Regional Council:

- a) takes as read and confirms the minutes and resolutions of the Executive, Audit and Risk Committee held in the Taranaki Regional Council Chambers, 47 Cloten road, Stratford on Monday 15 February 2020 at 10am
- b) notes the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 23 February 2021.

Matters arising

Appendices/Attachments

Document 2707984: Minutes Executive, Audit and Risk Committee - 15 February 2021



Date	15 February 2021, 10am
Venue:	Taranaki Regional Council chambers, 47 Cloten Road, Stratford
Document:	2707984

Members	Councillors	N W Walker	Committee Chairperson
		M J Cloke	<i>zoom</i>
		D L Lean	<i>arrived 10.20am</i>
		C L Littlewood	<i>zoom</i>
		M J McDonald	
		D N MacLeod	<i>ex officio</i>
		M P Joyce	<i>ex officio</i>
Attending	Messrs	M J Nield	Director – Corporate Services
	Ms	J Reader	Communications Manager
	Miss	L Davidson	Committee Administrator

Apologies An apology for lateness from Councillor D L Lean was received.

Notification of Late Items There were no late items.

Covid-19 update

Mr M J Nield, Director – Corporate Services, gave an update on the covid-19 protocols for the Taranaki Regional Council.

1. Confirmation of Minutes – 7 December 2021

Resolves

That the Executive, Audit and Risk Committee of the Taranaki Regional Council:

- takes as read and confirms the minutes of the Executive, Audit and Risk Committee of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 7 December 2020 at 10am
- notes the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 15 December 2020.

Cloke/Littlewood

Matters Arising

There were no matters arising.

2. Financial and Operational Report

- 2.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum informing members of the operational and financial performance of the Council.

Recommended

That the Taranaki Regional Council:

- a) receives the memorandum *Financial and Operational Report* and the November and December Financial Reports
 - b) notes the digital media update
 - c) notes the health and safety reports for November and December 2020.
- MacLeod/Joyce

3. Quarterly Operational Report – December 2020

- 3.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to receive and consider the Council’s Quarterly Operational Report (QOR) for the quarter ended 31 December 2020.

Council D L Lean arrived 10.20am

Recommended

That the Taranaki Regional Council:

- a) receives and adopts the Quarterly Operational Report for the quarter ended 31 December 2021.
- Walker/MacLeod

4. Public Transport Operational Update for the Quarter Ending 31 December 2020

- 4.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum providing members with an update on public transport services for the quarter ending 31 December 2020.

Recommended

That the Taranaki Regional Council:

- a) receives the report *Public Transport Operational Report for the Quarter Ending 31 December 2020*
 - b) notes the operational report of the public transport services for the quarter ending 31 December 2020.
- Cloke/MacLeod

5. Riskpool Annual Report 2020

- 5.1 Mr M J Nield, Director - Corporate Services, spoke to the memorandum considering and receiving Riskpool's 2020 Annual Report.

Recommended

That the Taranaki Regional Council:

- a) receives Riskpool's 2020 Annual Report and notes the Scheme's performance to date
- b) notes that Riskpool is continuing its wind down process, which is expected to take a further 3 to 10 years
- c) notes that Riskpool does not expect to make further calls before 30 June 2022, but a final call on wind up is likely
- d) notes that a watching brief on the financial performance of the scheme will be maintained.

Lean/Cloke

6. Accommodation Review

- 6.1 Mr M J Nield, Director - Corporate Services, spoke to the memorandum receiving and considering options for the accommodation review for subsequent inclusion in the *2021/2031 Long-Term Plan Consultation Document*.
- 6.3 Mr M J Nield will provide the total asset value of the whole Council site to the Committee.
- 6.4 Mr M J Nield will provide the depreciation profile of Council offices to the Committee.
- 6.5 Councillor M J Cloke felt that the Council should still be looking at options for a site in New Plymouth.
- 6.6 The LTP consultation documents will include all options and identify the preferred option.

Recommended

That the Taranaki Regional Council:

- a) receives the *Office Accommodation Review - Update Memorandum*
- b) notes the options for the accommodation review for inclusion in the *Consultation Document for the 2021/2031 Long-Term Plan*
- c) adopts the preferred option for the accommodation review for inclusion in the *Consultation Document for the 2021/2031 Long-Term Plan* being developing the remainder of the Inspectorate Building and addressing earthquake-prone building issues with existing approved budgets and undertake the redevelopment of the remainder of the site over the next two financial years
- d) notes the accommodation review will be included as a consultation issue on the *Consultation Document for the 2021/2031 Long-Term Plan* and that further detailed work, beyond upgrading of the Inspectorate Building and addressing earthquake-

prone building issues in the current financial year, and analysis will be dependent upon adoption of the *2021/2031 Long Term Plan*

- e) determines that this decision be recognised as significant in terms of section 76 of the *Local Government Act 2020*
- f) determines that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act, determines that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

MacLeod/McDonald

7. Public Excluded

- 8. In accordance with section 48(1) of the *Local Government Information and Meetings Act 1987*, resolves that the public is excluded from the following part of the proceedings of the Executive, Audit and Risk Committee Meeting on Monday 15 February 2021 for the following reasons:

Item 8 - Confidential Minutes - 7 December 2020

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

Item 9 - Technix Bitumen Technologies Limited - Rent Holiday Request

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

Item 10 - Yarrow Stadium Update

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

Lean/MacLeod

There being no further business, the Committee Chairperson, Councillor N W Walker, declared the open meeting of the Executive, Audit and Risk Committee closed at 10.46am.

Confirmed

**Executive, Audit &
Risk Chairperson:**

N W Walker

29 March 2021



Date: 29 March 2021

Subject: **Financial and Operational Report**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2722558

Purpose

1. The purpose of this memorandum is to receive information on operational and financial performance.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum *Financial and Operational Report* and the January and February 2021 Financial Reports
- b) notes the digital media update
- c) notes the health and safety reports for January and February 2021.

Background

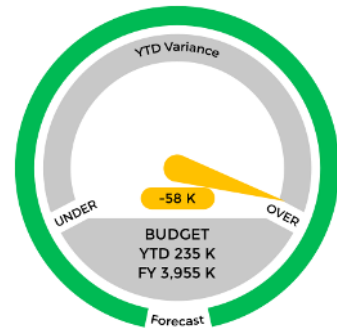
2. The Council produces a Monthly Financial Report outlining the financial performance for the month and year to date. This memorandum supports the Monthly Financial Report by providing additional supporting operational and financial information. The Common Seal is operated under delegated authority.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

Discussion

3. Attached are the Monthly Financial Reports for January and February 2021.
4. In the "Financial Indicators Section", for revenue, expenditure and operating surplus/deficit, for the whole of the Council the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates

the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.

5. The financial performance pie graphs for operating expenditure and income show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of activities where the variance is within plus or minus 5% and less than \$50,000. The yellow slice indicates the number of activities where the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. The red slice indicates the number of activities where the variance is more than plus or minus 10% and more than \$100,000.
6. For each Group of Activities (Resource management, Biosecurity and biodiversity, Transport, Hazard management, Recreation culture and heritage, and Regional representation, advocacy and investment management, in the “Financial Indicators Section”, for revenue and expenditure, for that group of activities, the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates and improving trend and a red down arrow indicates a deteriorating trend.



7. In the “Operating Expenditure by Activity” section, there is a dial for each activity comparing YTD expenditure against budget and a forecast for the rest of the year. The colours are green – variance of less than plus or minus 5%, yellow – plus or minus variance of more than 5% but less than 10% and red – plus or minus variance of more than 10%. The key components of each dial are:
 - The outer ring is the forecast for the rest of the year - green OK, yellow performance at risk, red target will not be achieved
 - The pointer indicates whether the variance is over or under budget and the colour indicates the scale of the variance - the actual variance figure sits at the bottom of the pointer
 - The YTD and full year (FY) budgets are included in the grey section.
8. Financially, the Council is in-line with the estimates established for 2020/2021 in the *2020/2021 Annual Plan*.
9. At 28 February 2021, the overall financial result is ahead of budget. The surplus for February 2021 was less than budgeted due to the Port Taranaki Ltd dividend being received a later (March 2021) than planned.
10. Corporate services expenditure is running over budget due to increases in legal, information technology and recruitment expenditure. Additionally, there is a significant investment in investigations for the accommodation review. These expenses are impacting all activities as overheads. These expenditure trends will continue through the financial year as we continue to address the significant changes, such as the essential freshwater reforms, facing the Council.

11. Significant income and expenditure variances by activity (plus or minus \$100,000) are:
- *Resource management planning* - \$129,697 under budget due to staff vacancies and expenditure forecasted to occur later in the year.
 - *Compliance monitoring programmes* - \$237,007 over budget due to staff focus on monitoring and reporting along with higher overheads.
 - *State of the environment monitoring* - \$249,471 over budget due to increased staff focus, overheads and increased costs associated with NPS Freshwater.
 - *Resource investigations and projects* - \$131,063 under budget due to staff focusing on compliance and SEM activities.
 - *Sustainable land management plans and plant supply programme* - \$132,022 over budget due to higher overheads and consent condition expenditure.
 - *Enhancement grants* - \$211,852 over budget due to the timing of Fresh Water Improvement, Public Waterways and Eco-system Restoration funds and STRESS expenditure. This additional expenditure is partially offset by government grant revenue being \$132,255 over budget.
 - *Resource management direct charges revenue* - \$3,068,439 over budget due to Waitara Lands reserve distributions being received earlier than budgeted.
 - *Biosecurity/pest management* - \$412,683 and *Biodiversity* - \$110,774 over budget due to the early timing of Towards Predator Free Taranaki expenditure. Both of these variances are forecast to be on budget by year-end.
 - *Biosecurity and biodiversity direct charges revenue* - \$387,582 under budget mainly due to Predator Free 2050 funding being recognised on an accrual basis (as earned) rather than cash received.
 - *Passenger transport* - \$389,727 under budget due to bus contract costs currently running lower than expected and lower depreciation due to the delay in the implementation of the regional integrated ticketing project.
 - *Transport direct charges revenue* - \$269,106 under budget due to bus fare revenue being down. This has been affected by the ongoing impacts of Covid-19.
 - *Transport government grants revenue* - \$318,181 over budget due to Covid-19 lost passenger revenue and the delayed regional integrated ticketing project being funded by Waka Kotahi.
 - *Regional Gardens* - \$823,810 under budget due to a delay in the Kaitake Trail project funding.

Operational Report

12. Operationally, programmes are materially on target with the planned levels of activity established for 2020/2021 in the *2020/2021 Annual Plan*.

Communications and Engagement

13. Communications activities are delivered across a range of channels including publications, media releases, advertising and digital media. Some recent highlights are:
- Multi-channel communication programmes that encouraged the public to get involved in consultation processes around the *Long-Term Plan*, consideration of a

Māori constituency and the *Regional Land Transport Plan*. New response channels have been trialled (online form and return form in community newspaper) to ensure making a submission is easy and convenient.

- Significant media coverage (largely positive in sentiment) was achieved from three prosecutions taken by TRC in response to resource consent breaches.
- Comments from Taranaki Rugby Football Union were included in our media statement about the revised completion date for the West Stand. Interviews were given by TRC and the resulting coverage was positive and demonstrated a collaborative approach.
- There has been extensive media and community interest in atypical bacterial test results at popular swimming beaches around the region.

Social Media by the Numbers

14. The total reach (non-unique users) across all seven Facebook pages was 80,416 people (note the inclusion of Yarrow Stadium Facebook page, which the TRC has recently picked up responsibility for managing). The total user engagement (where users liked, shared, clicked or commented) on our posts was 2,839. Our Facebook page followers have increased, with 447 more followers across our seven pages from 1 Feb to 12 March.

Facebook page	Page followers	Reach	Engagement
TaranakiRegionalCouncil	5,206 (+99)	20,751	451
TaranakiPublicTransport	1,143 (+16)	7,969	74
Tūpare	1,803 (+45)	4,900	350
Pukeiti	2,521 (+42)	4,855	303
Hollard Gardens	2,011 (+55)	3,551	154
Towards Predator-Free Taranaki	2,052 (+190)	33,624	1,453
Yarrow Stadium	3,658	4,766	44

Top Facebook posts		Reach	Engaged
1	Can you spot your trap? ☐ This was the December snapshot of all traps in Taranaki registered on trap.nz. So great to see all the red dots popping up around the maunga as the rural project expands. (Taranaki Predator Free)	23.8K	4,638
2	Good progress is being made on repairs to the West Stand, which are expected to be finished in November, with NPC rugby fixtures possible at the venue next year. The West	4.1K	273

Top Facebook posts	Reach	Engaged
<p>Stand action is mostly under the structure, where the foundations and the ground itself are being strengthened and stabilised to withstand seismic activity and meet earthquake safety requirements. This work includes removal of the seats and the concrete bleachers under them.</p> <p>(Yarrow Stadium)</p>		
<p>3 Public consultation has opened on whether the Taranaki Regional Council should establish a Māori constituency for the 2022 local authority elections.</p> <p>That would mean people on the Māori electoral roll would vote for candidates standing in the Māori constituency. Voters on the general roll would continue to vote in the general constituencies.</p> <p>(Taranaki Regional Council)</p>	3.5K	341
<p>4 The demolition of the weir was the region's biggest single intervention ever in terms of making a difference to native fish, including some that were endangered.</p> <p>As the story says, truly a "momentous day"</p> <p>(Taranaki Regional Council)</p>	3.4K	522
<p>5 It's a glorious Sunday morning, bring the kids and enjoy some free interactive storytelling with music and puppets, starting at 10am.</p> <p>Bring some sausages and enjoy the BBQ's for lunch. 🌟☐</p> <p>(Hollard Gardens)</p>	2K	145
<p>6 Stoats, ferrets and weasels have officially been declared 'pests' in Taranaki and a new rule introduced to control them, in a move to protect the region's investment in restoring native biodiversity.</p> <p>(Taranaki Predator Free)</p>	1.8K	333
<p>7 In the first three years of our rural mustelid project 6,408 traps have been set, covering 75,000ha. They're being looked after by the 1,139 Taranaki landowners and farmers who have signed up to the programme so far. So to Andy and the 1,138 others doing their bit to help restore Taranaki's native birdlife and bush - thank you!</p> <p>(Taranaki Predator Free)</p>	1.8K	298
<p>8 JOB VACANCY: We are looking for a Tech Officer to join our team!</p> <p>This role is predominantly field based, where you will</p>	1.7K	164

Top Facebook posts		Reach	Engaged
	provide technical support to our Science Services team with a particular focus on marine ecology. (Taranaki Regional Council)		
9	A record fine of \$337,500 imposed on Silver Fern Farms today sends a very strong message that the community will not tolerate actions that damage or threaten waterways and the species in them. (Taranaki Regional Council)	1.2K	136
10	What a day! Thanks for coming. If you missed it here's a little taste of the day. 🍷 (Tupare)	893	186

Health and Safety

15. The Health and Safety Reports for January and February 2021 are attached.

Financial considerations—LTP/Annual Plan

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

Policy considerations

17. 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 *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

18. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

19. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

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

Appendices/Attachments

Document 2738951: January 2021 Monthly Financial Report

Document 2739386: February 2021 Monthly Financial Report

Document 2736121: January Health and Safety Report

Document 2738014: February Health and Safety Report



JANUARY 2021

MONTHLY FINANCIAL REPORT




TARANAKI REGIONAL COUNCIL


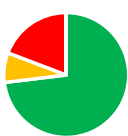


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Executive summary

Financial performance

FINANCIAL INDICATORS					
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%					
Total revenue		Operating expenditure		Operating surplus/deficit	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council’s activities:		Council’s total revenue less operating expenditure:	
Actual YTD:	Trend:	Actual YTD:	Trend:	Actual YTD:	Trend:
\$23.1M	\$3930.3K over budget 	\$21.2M	\$119.8K under budget 	\$1.9M	\$4050.1K ahead of budget 
Against a YTD budget of \$19.2M and a full year budget of \$47.9M.		Against a YTD budget of \$21.4M and a full year budget of \$49.2M.		Against a YTD budget of \$-2.1M and a full year budget of \$-1.3M.	

FINANCIAL PERFORMANCE			
Operating Expenditure		Income	
Actual	Forecast	Actual	Forecast
Financial Performance 	Future Performance 	Financial Performance 	Future Performance 

Commentary and variances

The overall financial result is tracking ahead of budget. This is due to Port Taranaki Ltd dividends and Waitara Lands reserve distributions being received earlier than budgeted.

Corporate services expenditure is running over budget due to increases in legal, information technology and recruitment expenditure. Additionally, there is a significant investment in investigations for the accommodation review. These expenses are impacting all activities as overheads. These expenditure trends will continue through the financial year as we continue to address the significant changes, such as the essential freshwater reforms.

Key

This section defines the symbols and colours used in the Executive Summary and the Groups of Activities.

Introduction

In the "Financial Indicators Section", for revenue, expenditure and operating surplus/deficit, for the whole of the Council the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates and improving trend and a red down arrow indicates a deteriorating trend.

The financial performance pie graphs for operating expenditure and income show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of activities where the variance is within plus or minus 5% and less than \$50,000. The yellow slice indicates the number of activities where the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. The red slice indicates the number of activities where the variance is more than plus or minus 10% and more than \$100,000.

The operational performance pie graphs for levels of service and individual activities show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of levels of service/activities where the actual performance is on target. The yellow slice indicates the number of levels of service/activities where the actual performance is at risk of not being achieved. The red slice indicates the number of levels of service/activities where the actual performance is not meeting the target.

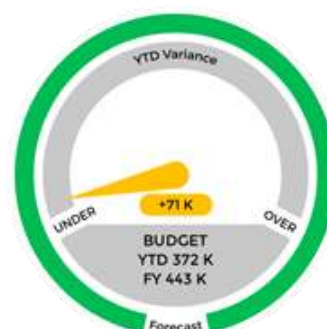
For each Group of Activities:

In the "Financial Indicators Section", for revenue and expenditure, for that group of activities, the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates and improving trend and a red down arrow indicates a deteriorating trend.

In the "Operating Expenditure by Activity" section, there is a dial for each activity comparing YTD expenditure against budget and a forecast for the rest of the year. The colours are green – variance of less than plus or minus 5% and less than \$50,000, yellow – plus or minus variance of more than 5% and between \$50,000 and \$100,000 but less than 10% and red – plus or minus variance of more than 10% and \$100,000.

The key components of each dial are:

- The outer ring is the forecast for the rest of the year – green OK, yellow performance at risk, red target will not be achieved
- The pointer indicates whether the variance is over or under budget and the colour indicates the scale of the variance – the actual variance figure sits at the bottom of the pointer
- The YTD and Full Year (FY) budgets are included in the grey section.



The operational performance pie graphs for levels of service and individual activities show the actual performance against budget and the forecast performance against budget, accumulated for all activities within that group of activities. The green slice indicates the number of levels of service/activities where the actual performance is on target. The yellow slice indicates the number of levels of service/activities where the actual performance is at risk of not being achieved. The red slice indicates the number of levels of service/activities where the actual performance is not meeting the target.

Statement of comprehensive revenue and expense

This statement summarises performance against budget for the month and for the year to date.

	Month			Year to date			2020/2021
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Cost of services							
Resource management	961,843	1,089,562	127,719	9,106,578	8,482,293	-624,285	24,532,923
Biosecurity and biodiversity	433,782	425,909	-7,873	4,108,197	3,698,987	-409,210	7,360,373
Transport	402,918	408,191	5,273	2,555,105	2,899,270	344,165	4,992,065
Hazard management	58,710	78,923	20,213	478,873	571,376	92,503	998,686
Recreation culture and heritage	248,002	363,779	115,777	3,961,184	4,656,202	695,018	8,554,161
Regional representation advocacy and investment management	119,710	138,623	18,913	1,018,911	1,025,688	6,777	1,760,516
Total operating expenditure	2,224,965	2,504,987	280,022	21,228,848	21,333,816	104,968	48,198,724
Revenue from exchange transactions							
Direct charges revenue	801,492	1,000,539	-199,047	2,550,481	2,741,317	-190,836	4,376,777
Rent revenue	93,148	95,833	-2,685	792,532	670,831	121,701	1,150,000
Dividends	0	0	0	6,000,000	4,000,000	2,000,000	8,000,000
Revenue from non-exchange transactions							
General rates revenue	0	0	0	3,977,196	3,977,196	0	7,954,392
Targeted rates revenue	0	0	0	2,985,612	2,985,586	26	5,971,173
Direct charges revenue	112,708	172,194	-59,486	4,126,244	2,627,959	1,498,285	15,026,419
Government grants	183,805	248,414	-64,609	2,537,902	2,028,978	508,924	4,094,968
Vested assets	0	0	0	0	0	0	0
Total income	1,191,152	1,516,980	-325,828	22,969,968	19,031,867	3,938,101	46,573,729
Operating surplus/(deficit) before finance income/expenses & taxation	-1,033,813	-988,007	-45,806	1,741,119	-2,301,949	4,043,068	-1,624,995
Finance income	24,229	25,000	-771	192,204	200,000	-7,796	1,341,772
Finance expense	0	0	0	-10,202	-25,000	14,798	-1,041,772
Net finance expense	24,229	25,000	-771	182,002	175,000	7,002	300,000
Operating surplus before taxation	-1,009,584	-963,007	-46,577	1,923,122	-2,126,949	4,050,071	(1,324,995)
Other gains/losses							
Gains/(losses) on revaluation of properties	0	0	0	0	0	0	0
Operating surplus before taxation	-1,009,584	-963,007	-46,577	1,923,122	-2,126,949	4,050,071	(1,324,995)
Income tax expense	0	0	0	0	0	0	10,000
Surplus/(deficit) for the period	-1,009,584	-963,007	-46,577	1,923,122	-2,126,949	4,050,071	(1,334,995)
Other comprehensive income							
Revaluation of property, plant and equipment	0	0	0	0	0	0	0
Other comprehensive income, net of tax	0	0	0	0	0	0	0
Operating surplus/(deficit)	-1,009,584	-963,007	-46,577	1,923,122	-2,126,949	4,050,071	(1,334,995)

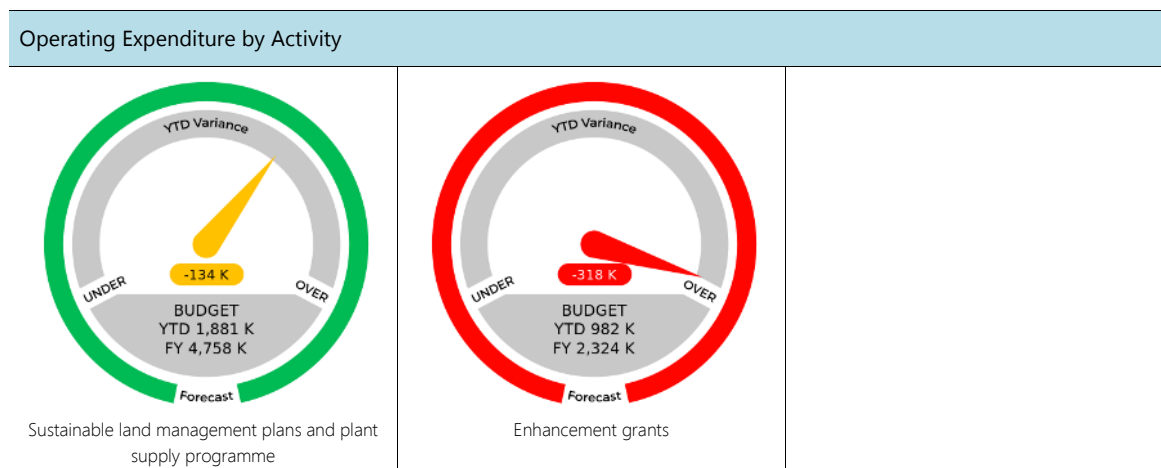
Resource management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$6.2M	\$2157.8K over budget ↓	\$9.1M	\$624.3K over budget ↑
Against a YTD budget of 4.0M and a full year budget of 17.3M.		Against a YTD budget of 8.5M and a full year budget of 24.5M.	

Operating Expenditure by Activity					
<p>Resource management planning</p>	<p>Consent processing and administration</p>	<p>Compliance monitoring programmes</p>			
<p>Pollution incidence and response</p>	<p>State of the environment monitoring</p>	<p>Resource investigations and projects</p>			

RESOURCE MANAGEMENT



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall resource management expenditure is over budget. Material activity variances (> or < than \$100,000) are:

Resource management planning - \$130,555 under budget due to staff vacancies and expenditure forecasted to occur later in the year.

Compliance monitoring programmes - \$256,161 over budget due to staff focus on monitoring and reporting along with higher overheads.

State of the environment monitoring - \$218,712 over budget due to increased staff focus, overheads and costs associated with NPS Freshwater.

Resource investigations and projects - \$120,294 under budget due to staff focusing on compliance and SEM activities.

Sustainable land management plans and plant supply programme - \$133,898 over budget due to higher overheads and consent condition expenditure.

Enhancement grants - \$317,717 over budget due to the timing of Fresh Water Improvement, Public Waterways and Eco-system Restoration funds and STRESS expenditure. This additional expenditure is partially offset by government grant revenue being \$215,588 over budget, as these grants are largely reimbursed by central government.

Direct charges revenue - \$1,942,255 over budget due to Waitara Lands reserve distributions being received earlier than expected.

RESOURCE MANAGEMENT

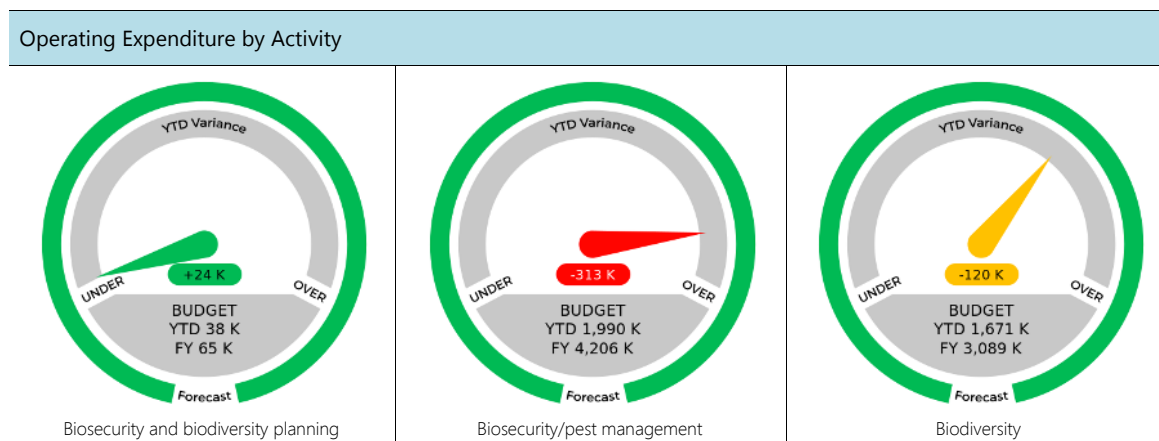
Cost of services statement

RESOURCE MANAGEMENT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Resource management planning	73,715	83,960	10,245	485,570	616,125	130,555	1,055,744
Consent processing and administration	74,707	90,484	15,777	636,996	681,396	44,400	1,157,001
Compliance monitoring programmes	266,218	278,854	12,636	2,317,916	2,061,755	-256,161	3,535,190
Pollution incidents and response	54,117	79,272	25,155	578,549	585,552	7,003	1,004,005
State of the environment monitoring	237,751	192,531	-45,220	1,638,591	1,419,879	-218,712	2,434,537
Resource investigations and projects	13,008	34,730	21,722	133,918	254,212	120,294	435,802
Sustainable land management plans and plant supply programme	202,438	210,373	7,935	2,014,961	1,881,063	-133,898	4,757,793
Waitara River catchment	0	0	0	50	0	-50	7,828,882
Enhancement grants	39,888	119,358	79,470	1,300,028	982,311	-317,717	2,323,969
Total expenditure	961,843	1,089,562	127,719	9,106,578	8,482,293	-624,285	24,532,923
Income							
General rates	-12,870	-12,870	0	1,855,393	1,855,393	0	3,061,369
Direct charges	842,516	1,037,080	-194,564	5,103,359	3,161,104	1,942,255	15,258,159
Government grants	0	83,333	-83,333	1,088,999	873,411	215,588	2,036,000
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	-9,837	0	-9,837	-2,323,547	0	-2,323,547	-100,000
Investment funds	142,033	-17,981	160,014	3,382,374	2,592,385	789,989	4,277,395
Total income	961,843	1,089,562	-127,719	9,106,578	8,482,293	624,285	24,532,923
Operating surplus/(deficit)	0	0	0	0	0	0	0

Biosecurity and biodiversity

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$1.0M	\$389.1K under budget ↓	\$4.1M	\$409.2K over budget ↓
Against a YTD budget of 1.4M and a full year budget of 2.7M.		Against a YTD budget of 3.7M and a full year budget of 7.4M.	



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall biosecurity and biodiversity expenditure is over budget. Material activity variances (> or < than \$100,000) are:

Biosecurity/pest management - \$312,901 and Biodiversity - \$120,039 over budget due to the early timing of Towards Predator Free Taranaki expenditure. Both of these variances are forecasted to be on budget by year end.

Direct charges revenue is \$389,087 under budget mainly due to Predator Free 2050 funding being recognised on an accrual basis (as earned) rather than cash received.

BIOSECURITY AND BIODIVERSITY

Cost of services statement

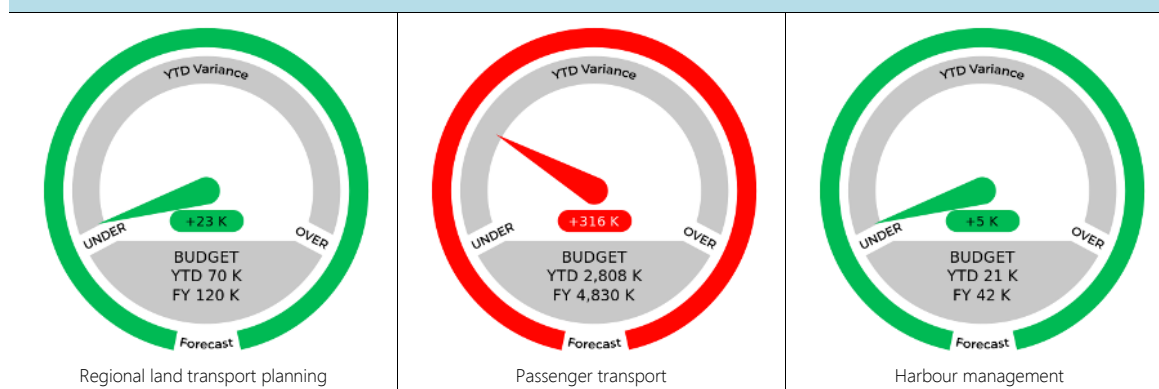
BIOSECURITY AND BIODIVERSITY							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Biosecurity and biodiversity planning	3,600	5,200	1,600	14,338	38,068	23,730	65,272
Biosecurity/pest management	226,176	233,330	7,154	2,303,319	1,990,418	-312,901	4,206,046
Biodiversity	204,005	187,379	-16,626	1,790,540	1,670,501	-120,039	3,089,055
Total expenditure	433,782	425,909	-7,873	4,108,197	3,698,987	-409,210	7,360,373
Income							
General rates	171,288	171,288	0	973,346	973,346	0	1,985,485
Direct charges	2,921	15,295	-12,374	976,579	1,365,666	-389,087	2,700,737
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0	-100,000
Investment funds	259,572	239,326	20,246	2,158,273	1,359,975	798,298	2,774,151
Total income	433,782	425,909	7,873	4,108,197	3,698,987	409,210	7,360,373
Operating surplus/(deficit)	0	0	0	0	0	0	0

Transport

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$1.9M	\$69.5K over budget ↓	\$2.6M	\$344.2K under budget ↑
Against a YTD budget of 1.8M and a full year budget of 3.2M.		Against a YTD budget of 2.9M and a full year budget of 5.0M.	

Operating Expenditure by Activity



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall transport expenditure is under budget. Material activity variances (> or < than \$100,000) are:

Passenger transport - \$316,137 under budget due to bus contract costs currently running lower than expected and lower depreciation due to the delay in the implementation of the regional integrated ticketing project.

Direct charges revenue - \$223,799 under budget due to bus fare revenue being down. This has been affected by the on-going impacts of Covid-19.

Government grants revenue - \$293,337 over budget due to Covid-19 lost passenger revenue and the delayed regional integrated ticketing project being funded by Waka Kotahi.

TRANSPORT

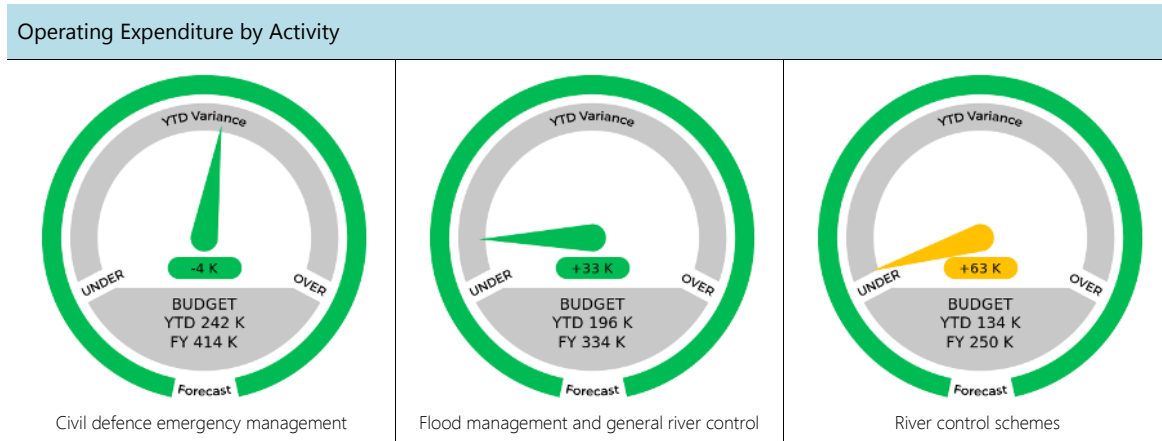
Cost of services statement

TRANSPORT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional land transport planning	5,897	9,437	3,540	47,689	70,324	22,635	120,377
Passenger transport	397,021	398,629	1,608	2,491,934	2,808,071	316,137	4,830,188
Harbour management	0	125	125	15,482	20,875	5,393	41,500
Total expenditure	402,918	408,191	5,273	2,555,105	2,899,270	344,165	4,992,065
Income							
General rates	60,592	60,592	0	174,518	174,518	0	199,448
Targeted rates	0	0	0	640,339	640,338	1	1,280,678
Direct charges	57,075	97,858	-40,783	461,207	685,006	-223,799	1,174,300
Government grants	183,805	165,081	18,724	1,448,904	1,155,567	293,337	2,058,968
Government grants for capital	0	0	0	0	0	0	0
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	101,447	84,660	16,787	-169,862	243,841	-413,703	278,671
Total income	402,918	408,191	-5,273	2,555,105	2,899,270	-344,165	4,992,065
Operating surplus/(deficit)	0	0	0	0	0	0	0

Hazard management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.0M	\$0.4K over budget ↑	\$0.5M	\$92.5K under budget ↑
Against a YTD budget of 0.0M and a full year budget of 0.0M.		Against a YTD budget of 0.6M and a full year budget of 1.0M.	



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall hazard management expenditure is under budget. There are no material activity variances (> or < than \$100,000).

HAZARD MANAGEMENT

Cost of services statement

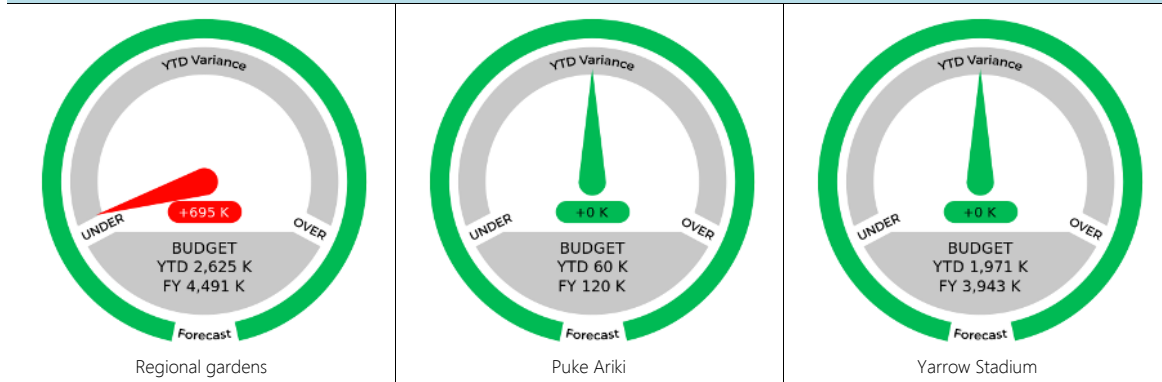
HAZARD MANAGEMENT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Civil defence emergency management	33,170	34,505	1,335	245,486	241,535	-3,951	414,058
Flood management and general river control	24,130	27,206	3,076	162,425	195,612	33,187	334,138
River control schemes	1,410	17,212	15,802	70,962	134,229	63,267	250,490
Total expenditure	58,710	78,923	20,213	478,873	571,376	92,503	998,686
Income							
General rates	32,923	32,923	0	100,901	100,901	0	162,654
Targeted rates	0	0	0	373,888	373,888	0	747,776
Direct charges	89	0	89	397	0	397	0
Government grants	0	0	0	0	0	0	0
Transfer from reserves	8,622	0	8,622	81,037	0	81,037	0
Transfer to reserves	0	0	0	-335,355	0	-335,355	-50,228
Investment funds	17,076	46,000	-28,924	302,396	140,979	161,417	227,263
Total income	58,710	78,923	-20,213	523,265	615,768	-92,503	1,087,465
Operating surplus/(deficit)	0	0	0	44,392	44,392	0	88,779

Recreation, culture and heritage

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.2M	\$53.4K over budget ↑	\$4.0M	\$695.0K under budget ↑
Against a YTD budget of 0.1M and a full year budget of 0.2M.		Against a YTD budget of 4.7M and a full year budget of 8.6M.	

Operating Expenditure by Activity



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall recreation, culture and heritage expenditure is under budget. Material activity variances (> or < than \$100,000) are:
 Regional Gardens - \$695,018 under budget due to a delay in the Kaitake Trail project funding.

RECREATION, CULTURE AND HERITAGE

Cost of services statement

RECREATION CULTURE AND HERITAGE							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional gardens	248,002	363,779	115,777	1,929,824	2,624,842	695,018	4,491,442
Puke Ariki	0	0	0	60,000	60,000	0	120,000
Yarrow Stadium	0	0	0	1,971,360	1,971,360	0	3,942,719
Total expenditure	248,002	363,779	115,777	3,961,184	4,656,202	695,018	8,554,161
Income							
General rates	144,902	144,902	0	1,072,042	1,072,042	0	1,841,487
Targeted rates	0	0	0	1,971,386	1,971,360	26	3,942,719
Direct charges	21,310	16,418	4,892	168,354	114,926	53,428	197,000
Investment funds	81,790	202,459	-120,669	749,402	1,497,874	-748,472	2,572,955
Total income	248,002	363,779	-115,777	3,961,184	4,656,202	-695,018	8,554,161
Operating surplus/(deficit)	0	0	0	0	0	0	0

Regional representation, advocacy and investment management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.1M	\$13.7K over budget ↓	\$1.0M	\$6.8K under budget ↑
Against a YTD budget of 0.0M and a full year budget of 0.1M.		Against a YTD budget of 1.0M and a full year budget of 1.8M.	

Operating Expenditure by Activity		
<p>Investment management</p>	<p>Community engagement</p>	<p>Advocacy and response</p>
<p>Governance</p>	<p>Key</p> <ul style="list-style-type: none"> YTD Variance ■ < 5% and less than \$50,000 ■ ≥ 5% < 10% and between \$50,000 and \$100,000 ■ ≥ 10% and greater than \$100,000 	

Commentary and variances

Overall regional representation and advocacy expenditure is on budget. There are no material activity variances (> or < than \$100,000).

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Investment management	0	500	500	0	3,500	3,500	6,000
Community engagement	23,130	34,792	11,662	245,812	255,576	9,764	438,513
Advocacy and response	13,672	25,345	11,673	128,861	186,471	57,610	319,091
Governance	82,909	77,986	-4,923	644,239	580,141	-64,098	996,912
Total expenditure	119,710	138,623	18,913	1,018,911	1,025,688	6,777	1,760,516
Income							
General rates	55,289	55,289	0	410,103	410,103	0	703,948
Direct charges	125	6,083	-5,958	56,234	42,581	13,653	73,000
Investment funds	64,297	77,251	-12,954	552,574	573,004	-20,430	983,568
Total income	119,710	138,623	-18,913	1,018,911	1,025,688	-6,777	1,760,516
Operating surplus/(deficit)	0	0	0	0	0	0	0

Statement of financial position

This statement summarises the Council's assets, liabilities and residual equity. The statement is split between current items (those expected to be realised within 12 months) and non-current items (expected to last longer than 12 months).

	Month End Actual \$	2020/2021 Estimates \$	2019/2020 Annual Report \$
Current Assets			
Cash and cash equivalents	659,026	632,347	2,945,237
Current portion of investments	16,145,061	-	12,595,467
Trade and other receivables	5,281,613	2,000,000	6,969,430
Inventories	162,185	-	162,185
Loan to Taranaki Stadium Trust	4,000,000	25,000,000	4,000,000
Prepayments	709,541	100,000	245,831
Work in progress	375,407	400,000	189,382
Total current assets	27,332,834	28,132,347	27,107,532
Non-current assets			
Treasury investments	3,256,670	4,900,000	1,000,000
Port Taranaki Ltd	26,000,000	26,000,000	26,000,000
Civic Assurance Ltd	1,000	1,000	1,000
Regional Software Holdings Ltd	798,118	798,118	798,118
Intangible assets	693,021	1,825,922	869,701
Investment properties	19,249,000	17,380,500	19,559,000
Property plant and equipment	33,634,914	35,040,516	32,786,757
Deferred tax asset	80,499	-	80,499
Total non-current assets	83,713,222	85,946,056	81,095,075
Total assets	111,046,056	114,078,403	108,202,607
Current liabilities			
Trade and other payables	5,229,448	2,500,000	5,539,140
Work-in-progress	1,962,483	600,000	591,816
Employee entitlements current	1,000,356	935,000	1,141,005
Borrowings	4,000,000	-	4,000,000
Total current liabilities	12,192,287	4,035,000	11,271,961
Non-current liabilities			
Employee entitlements term	556,500	800,000	556,500
Borrowings	-	25,000,000	-
Total non-current liabilities	556,500	25,800,000	556,500
Total liabilities	12,748,787	29,835,000	11,828,461
Public equity			
Retained earnings	69,546,637	60,800,538	70,501,379
Reserves	23,533,760	18,933,527	20,655,895
Asset revaluation reserves	5,216,872	4,509,338	5,216,872
Total public equity	98,297,269	84,243,403	96,374,146
Total liabilities and equity	111,046,056	114,078,403	108,202,607

Commentary and variances

There are no significant variances to report

Capital expenditure and disposals

Capital expenditure in excess of \$10,000 for the month was:

DESCRIPTION	AMOUNT \$
2020 Ford Ranger Utes x 2	101,445
2020 Nissan X-Trail	29,638
Hydrology Salt Dilution Gauging Equipment	14,050
Tramline - Pukeiti WIP	10,640

Fixed asset disposals in excess of \$10,000 for the month were:-

DESCRIPTION	AMOUNT \$
2013 Toyota Rav 4	10,435

Local Authorities (Members' Interests) Act 1968

Additions to the *Creditors Detail List* for the month were:

CODE	CREDITOR NAME	ADDRESS	DATE ESTABLISHED
3712	Wilderlab NZ Ltd	P O Box 15059, Miramar, Wellington	11-Jan-21
3713	Tecknosys Limited	17 Riverside Way, Amberley	11-Jan-21
3714	Nissan New Zealand Limited	P O Box 98888, Manukau	13-Jan-21
3716	Radich Limited	101 Raleigh Street, RD 42 Waitara	18-Jan-21
3717	WorkAble	8 Ann Street, Inner Kaiti, Gisborne	18-Jan-21
3718	Skoop Holdings Ltd T/A Energy City Cabs	11 Blackmore Street, New Plymouth	18-Jan-21
3719	Infometrics Ltd	P O Box 10068, Wellington	19-Jan-21
3720	Pinehill Dairies (2018) Limited	191B State Highway 3, RD 1 Patea	20-Jan-21
3721	Healthy Life Media Ltd	P O Box 331400 Takapuna, Auckland	21-Jan-21
3722	LDINZ	12 Kopanga Road, Havelock North	21-Jan-21
3723	Sanctuary Hill	109 Veale Road, RD 1 New Plymouth	21-Jan-21
3724	Yandle, Michelle	30 Seymour Street, Waitara	21-Jan-21
3727	Gotcha 2020 Ltd	2 Young street, RD 2 Warkworth	27-Jan-21
3728	Neale, Cathryn	1766 Mangorei Road, New Plymouth	27-Jan-21
3729	Jayshell Farm Trust	416 Rowan Road, RD 29 Hawera	27-Jan-21
3730	Little Friends Publishing Limited	206 Waitara Road, RD 42 Waitara	27-Jan-21
3731	Fergussons Motor Lodge	11 Peel Street, Waipukurau	29-Jan-21
3732	WiPath Communication Ltd	114 Wiri Station Road, Auckland	29-Jan-21
3733	Nellies Mosgiel Ltd	P O Box 348, Mosgiel	29-Jan-21
3734	International Waste Ltd	P O Box 53099, Auckland Airport	29-Jan-21
3735	Quality Hotel Elms	P O Box 5379 Papanui, Christchurch	29-Jan-21

Notes:

1. The schedule of all previously listed creditors for the purpose of the Local Authorities (Members' Interests) Act 1968 is available for Members' perusal.
2. The schedule excludes any staff who may have become a creditor.
3. Under the terms of Section 6 and Section (1) of the Local Authorities (Members' Interests) Act 1968, members are required to declare if they hold directly or indirectly, a pecuniary interest other than an interest in common with the public.

Financial delegations

The following payments were made during the period to 31 January 2021 that exceeded the budgeted approved delegated authority levels:

DESCRIPTION	AMOUNT \$
Nil	

Aged debtors analysis

The total debtors outstanding at 31 January 2021 were aged as follows:

DESCRIPTION	AMOUNT \$	PERCENT %
Current balance	1,892,918	51
30 days balance	34,286	1
60 days balance	1,341,334	36
90 days and over balance	412,813	11
Total debtors	3,681,351	100

Reserves

As at 31 January 2021 the following reserve balances were held:

DESCRIPTION	AMOUNT \$
Contingency/Disaster Reserve	1,086,000
North Taranaki/Waitara River Control Scheme Reserve	1,450,552
South Taranaki Rivers Control Scheme Reserve	(1,635)
Dividend Equalisation Reserve	6,424,063
Egmont National Park Control Reserve	613,000
Endowment Land Sales Reserve	2,470,000
Waitara Lands Act 2018 Reserve	11,491,780
Total reserves	23,533,760

Bank and investment balances

As at 31 January 2021 the following cash, bank and investment balances were held:

	% OF TOTAL	INVESTED \$	YIELD %	MATURITY DATE
Bank of New Zealand:				
Call Account	3	519,594	0.3	On Call
Current accounts		88,852	0.1	On Call
Waitara Lands Account		1,046	0.1	On Call
Term Investment	11	2,205,605	1.0	30/04/2021
Subordinated Notes	5	1,004,428	5.3	17/12/2025
TSB Bank:				
Cheque Accounts		751		On Call
Call Account		37,951	0.5	On Call
Term Investment	8	1,643,924	3.6	09/04/2021
Waitara Lands Term Investment	11	2,216,323	1.6	31/01/2021
ASB Bank:				
Cheque Account		10,334		On Call
Term Investment	5	1,055,626	1.3	20/02/2021
Term Investment	10	2,001,910	0.9	13/06/2021
Waitara Lands Term Investment	11	2,123,305	0.9	07/05/2021
Westpac:				
Waitara Lands Account		497	0.1	On Call
Waitara Lands Term Investment	13	2,662,309	1.2	06/04/2021
Waitara Lands Term Investment	11	2,252,242	0.9	22/07/2021
Waitara Lands Term Investment	11	2,236,058	0.8	22/06/2021
Total	100	20,060,757	1.5*	

All investments are in accordance with the *Investment Policy*. * Weighted average interest rate.

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FEBRUARY 2021

MONTHLY FINANCIAL REPORT

TARANAKI REGIONAL COUNCIL


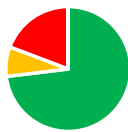


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Executive summary

Financial performance

FINANCIAL INDICATORS					
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%					
Total revenue		Operating expenditure		Operating surplus/deficit	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council’s activities:		Council’s total revenue less operating expenditure:	
Actual YTD:	Trend:	Actual YTD:	Trend:	Actual YTD:	Trend:
\$28.5M	\$922.0K over budget ↓	\$24.5M	\$363.5K under budget ↑	\$4.0M	\$1285.6K ahead of budget ↓
Against a YTD budget of \$27.6M and a full year budget of \$47.9M.		Against a YTD budget of \$24.8M and a full year budget of \$49.2M.		Against a YTD budget of \$2.7M and a full year budget of \$-1.3M.	

FINANCIAL PERFORMANCE			
Operating Expenditure		Income	
Actual	Forecast	Actual	Forecast
Financial Performance 	Future Performance 	Financial Performance 	Future Performance 

Commentary and variances

The overall financial result is tracking ahead of budget. The surplus for February 2021 was significantly less than budgeted due to the Port Taranaki Ltd dividend being received later (March 2021) than planned.

Corporate services expenditure is running over budget due to increases in legal, information technology and recruitment expenditure. Additionally, there is a significant investment in investigations for the accommodation review. These expenses are impacting all activities as overheads. These expenditure trends will continue through the financial year as we continue to address the significant changes, such as the essential freshwater reforms.

Key

This section defines the symbols and colours used in the Executive Summary and the Groups of Activities.

Introduction

In the "Financial Indicators Section", for revenue, expenditure and operating surplus/deficit, for the whole of the Council the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.

The financial performance pie graphs for operating expenditure and income show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of activities where the variance is within plus or minus 5% and less than \$50,000. The yellow slice indicates the number of activities where the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. The red slice indicates the number of activities where the variance is more than plus or minus 10% and more than \$100,000.

The operational performance pie graphs for levels of service and individual activities show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of levels of service/activities where the actual performance is on target. The yellow slice indicates the number of levels of service/activities where the actual performance is at risk of not being achieved. The red slice indicates the number of levels of service/activities where the actual performance is not meeting the target.

For each Group of Activities:

In the "Financial Indicators Section", for revenue and expenditure, for that group of activities, the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.

In the "Operating Expenditure by Activity" section, there is a dial for each activity comparing YTD expenditure against budget and a forecast for the rest of the year. The colours are green – variance of less than plus or minus 5% and less than \$50,000, yellow – plus or minus variance of more than 5% and between \$50,000 and \$100,000 but less than 10% and red – plus or minus variance of more than 10% and \$100,000.

The key components of each dial are:

- The outer ring is the forecast for the rest of the year – green OK, yellow performance at risk, red target will not be achieved
- The pointer indicates whether the variance is over or under budget and the colour indicates the scale of the variance – the actual variance figure sits at the bottom of the pointer
- The YTD and Full Year (FY) budgets are included in the grey section.



The operational performance pie graphs for levels of service and individual activities show the actual performance against budget and the forecast performance against budget, accumulated for all activities within that group of activities. The green slice indicates the number of levels of service/activities where the actual performance is on target. The yellow slice indicates the number of levels of service/activities where the actual performance is at risk of not being achieved. The red slice indicates the number of levels of service/activities where the actual performance is not meeting the target.

Statement of comprehensive revenue and expense

This statement summarises performance against budget for the month and for the year to date.

	Month			Year to date			2020/2021
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Cost of services							
Resource management	966,298	1,089,045	122,747	10,072,877	9,571,338	-501,539	24,532,923
Biosecurity and biodiversity	491,640	401,370	-90,270	4,599,837	4,100,357	-499,480	7,360,373
Transport	350,361	407,357	56,996	2,905,466	3,306,627	401,161	4,992,065
Hazard management	66,331	77,842	11,511	545,203	649,218	104,015	998,686
Recreation culture and heritage	1,218,082	1,346,874	128,792	5,179,266	6,003,076	823,810	8,554,161
Regional representation advocacy and investment management	137,649	137,571	-78	1,156,560	1,163,259	6,699	1,760,516
Total operating expenditure	3,230,360	3,460,059	229,699	24,459,209	24,793,875	334,666	48,198,724
Revenue from exchange transactions							
Direct charges revenue	248,679	298,463	-49,784	2,799,160	3,039,780	-240,620	4,376,777
Rent revenue	102,275	95,833	6,442	894,807	766,664	128,143	1,150,000
Dividends	0	4,000,000	-4,000,000	6,000,000	8,000,000	-2,000,000	8,000,000
Revenue from non-exchange transactions							
General rates revenue	1,988,598	1,988,598	0	5,965,794	5,965,794	0	7,954,392
Targeted rates revenue	1,492,806	1,492,793	13	4,478,419	4,478,379	40	5,971,173
Direct charges revenue	1,283,756	172,194	1,111,562	5,410,000	2,800,153	2,609,847	15,026,419
Government grants	189,925	248,414	-58,489	2,727,828	2,277,392	450,436	4,094,968
Vested assets	0	0	0	0	0	0	0
Total income	5,306,040	8,296,295	-2,990,255	28,276,008	27,328,162	947,846	46,573,729
Operating surplus/(deficit) before finance income/expenses & taxation	2,075,679	4,836,236	-2,760,557	3,816,799	2,534,287	1,282,512	-1,624,995
Finance income	31,976	50,000	-18,024	224,180	250,000	-25,820	1,341,772
Finance expense	-10,917	-25,000	14,083	-21,118	-50,000	28,882	-1,041,772
Net finance expense	21,060	25,000	-3,940	203,062	200,000	3,062	300,000
Operating surplus before taxation	2,096,739	4,861,236	-2,764,497	4,019,861	2,734,287	1,285,574	-1,324,995
Other gains/losses							
Gains/(losses) on revaluation of properties	0	0	0	0	0	0	0
Operating surplus before taxation	2,096,739	4,861,236	-2,764,497	4,019,861	2,734,287	1,285,574	-1,324,995
Income tax expense	0	0	0	0	0	0	10,000
Surplus/(deficit) for the period	2,096,739	4,861,236	-2,764,497	4,019,861	2,734,287	1,285,574	-1,334,995
Other comprehensive income							
Revaluation of property, plant and equipment	0	0	0	0	0	0	0
Other comprehensive income, net of tax	0	0	0	0	0	0	0
Operating surplus/(deficit)	2,096,739	4,861,236	-2,764,497	4,019,861	2,734,287	1,285,574	-1,334,995

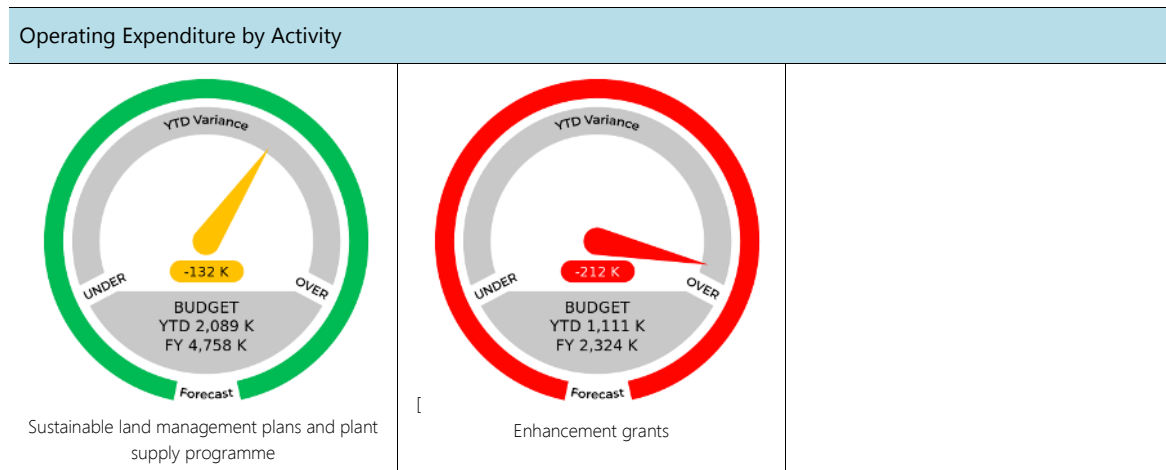
Resource management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$7.7M	\$3200.7K over budget ↑	\$10.1M	\$501.5K over budget ↑
Against a YTD budget of 4.5M and a full year budget of 17.3M.		Against a YTD budget of 9.6M and a full year budget of 24.5M.	

Operating Expenditure by Activity		
<p>Resource management planning</p>	<p>Consent processing and administration</p>	<p>Compliance monitoring programmes</p>
<p>Pollution incidence and response</p>	<p>State of the environment monitoring</p>	<p>Resource investigations and projects</p>

RESOURCE MANAGEMENT



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall resource management expenditure is over budget. Material activity variances (> or < than \$100,000) are:

Resource management planning - \$129,697 under budget due to staff vacancies and expenditure forecasted to occur later in the year.

Compliance monitoring programmes - \$237,007 over budget due to staff focus on monitoring and reporting along with higher overheads.

State of the environment monitoring - \$249,471 over budget due to increased staff focus, overheads and costs associated with NPS Freshwater.

Resource investigations and projects - \$131,063 under budget due to staff focusing on compliance and SEM activities.

Sustainable land management plans and plant supply programme - \$132,022 over budget due to higher overheads and consent condition expenditure.

Enhancement grants - \$211,852 over budget due to the timing of Fresh Water Improvement, Public Waterways and Eco-system Restoration funds and STRESS expenditure. This additional expenditure is partially offset by government grant revenue being \$132,255 over budget, as these grants are largely reimbursed by central government.

Direct charges revenue - \$3,068,439 over budget due to Waitara Lands reserve distributions being received earlier than expected.

RESOURCE MANAGEMENT

Cost of services statement

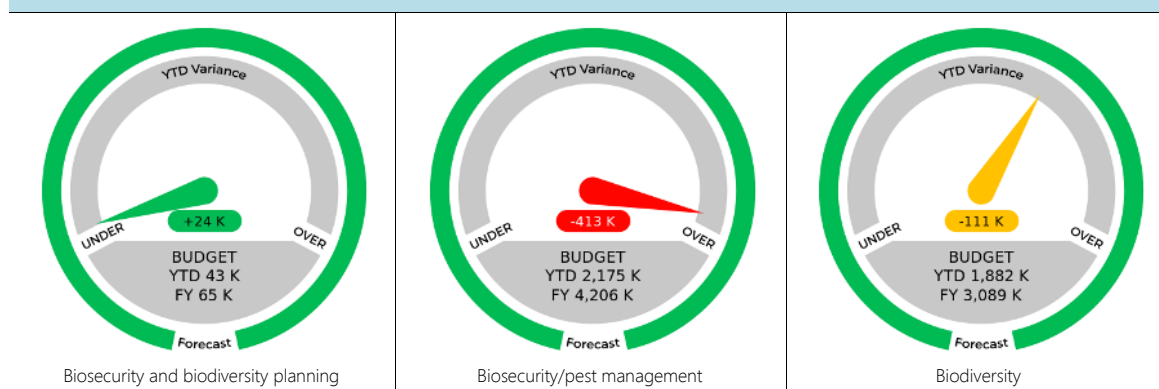
RESOURCE MANAGEMENT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Resource management planning	82,856	81,998	-858	568,426	698,123	129,697	1,055,744
Consent processing and administration	79,829	88,874	9,045	716,824	770,270	53,446	1,157,001
Compliance monitoring programmes	257,745	276,898	19,153	2,575,660	2,338,653	-237,007	3,535,190
Pollution incidents and response	70,981	78,636	7,655	649,530	664,188	14,658	1,004,005
State of the environment monitoring	222,180	191,421	-30,759	1,860,771	1,611,300	-249,471	2,434,537
Resource investigations and projects	23,729	34,498	10,769	157,647	288,710	131,063	435,802
Sustainable land management plans and plant supply programme	205,676	207,552	1,876	2,220,637	2,088,615	-132,022	4,757,793
Waitara River catchment	0	0	0	50	0	-50	7,828,882
Enhancement grants	23,303	129,168	105,865	1,323,331	1,111,479	-211,852	2,323,969
Total expenditure	966,298	1,089,045	122,747	10,072,877	9,571,338	-501,539	24,532,923
Income							
General rates	279,786	279,786	0	2,135,179	2,135,179	0	3,061,369
Direct charges	1,461,187	335,004	1,126,183	6,564,547	3,496,108	3,068,439	15,258,159
Government grants	0	83,333	-83,333	1,088,999	956,744	132,255	2,036,000
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	-1,171,464	0	-1,171,464	-3,495,011	0	-3,495,011	-100,000
Investment funds	396,790	390,922	5,868	3,779,164	2,983,307	795,857	4,277,395
Total income	966,298	1,089,045	-122,747	10,072,877	9,571,338	501,539	24,532,923
Operating surplus/(deficit)	0	0	0	0	0	0	0

Biosecurity and biodiversity

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$1.0M	\$387.6K under budget ↑	\$4.6M	\$499.5K over budget ↓
Against a YTD budget of 1.4M and a full year budget of 2.7M.		Against a YTD budget of 4.1M and a full year budget of 7.4M.	

Operating Expenditure by Activity



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall biosecurity and biodiversity expenditure is over budget. Material activity variances (> or < than \$100,000) are:

Biosecurity/pest management - \$412,683 and Biodiversity - \$110,774 over budget due to the early timing of Towards Predator Free Taranaki expenditure. Both of these variances are forecasted to be on budget by year end.

Direct charges revenue is \$387,582 under budget mainly due to Predator Free 2050 funding being recognised on an accrual basis (as earned) rather than cash received.

BIOSECURITY AND BIODIVERSITY

Cost of services statement

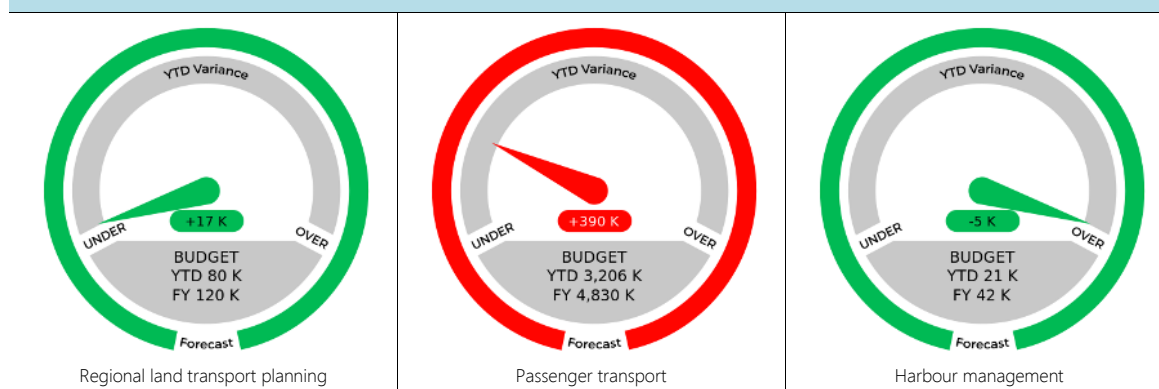
BIOSECURITY AND BIODIVERSITY							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Biosecurity and biodiversity planning	4,825	5,073	248	19,164	43,141	23,977	65,272
Biosecurity/pest management	284,435	184,653	-99,782	2,587,754	2,175,071	-412,683	4,206,046
Biodiversity	202,380	211,644	9,264	1,992,919	1,882,145	-110,774	3,089,055
Total expenditure	491,640	401,370	-90,270	4,599,837	4,100,357	-499,480	7,360,373
Income							
General rates	161,051	161,051	0	1,134,397	1,134,397	0	1,985,485
Direct charges	16,800	15,295	1,505	993,379	1,380,961	-387,582	2,700,737
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0	-100,000
Investment funds	313,788	225,024	88,764	2,472,061	1,584,999	887,062	2,774,151
Total income	491,640	401,370	90,270	4,599,837	4,100,357	499,480	7,360,373
Operating surplus/(deficit)	0	0	0	0	0	0	0

Transport

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● $\geq 5\%$ and ● $< 10\% \geq 10\%$			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$2.2M	\$49.1K over budget ↓	\$2.9M	\$401.2K under budget ↑
Against a YTD budget of 2.1M and a full year budget of 3.2M.		Against a YTD budget of 3.3M and a full year budget of 5.0M.	

Operating Expenditure by Activity



Key	YTD Variance
■	< 5% and less than \$50,000
■	$\geq 5\%$ < 10% and between \$50,000 and \$100,000
■	$\geq 10\%$ and greater than \$100,000

Commentary and variances

Overall transport expenditure is under budget. Material activity variances (> or < than \$100,000) are:

Passenger transport - \$389,727 under budget due to bus contract costs currently running lower than expected and lower depreciation due to the delay in the implementation of the regional integrated ticketing project.

Direct charges revenue - \$269,106 under budget due to bus fare revenue being down. This has been affected by the on-going impacts of Covid-19.

Government grants revenue - \$318,181 over budget due to Covid-19 lost passenger revenue and the delayed regional integrated ticketing project being funded by Waka Kotahi.

TRANSPORT

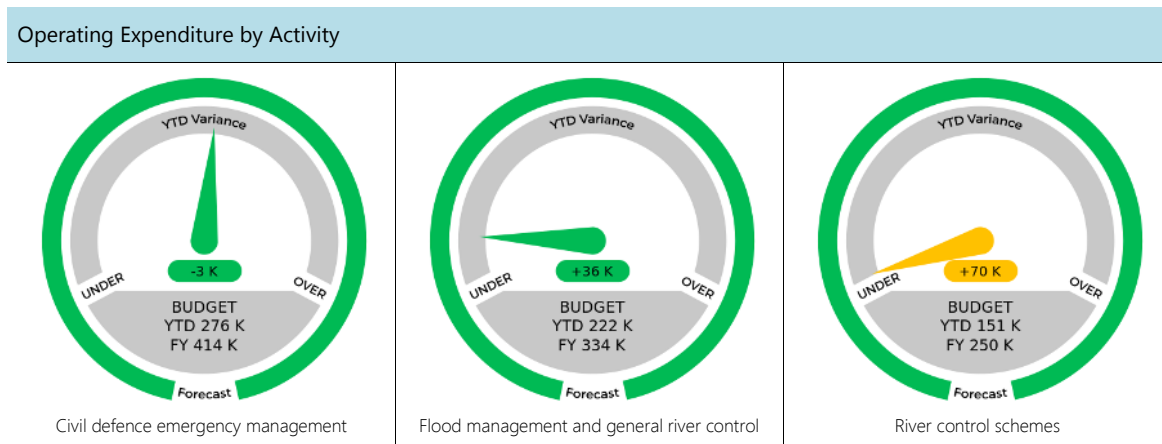
Cost of services statement

TRANSPORT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional land transport planning	15,496	9,402	-6,094	63,185	79,726	16,541	120,377
Passenger transport	324,240	397,830	73,590	2,816,174	3,205,901	389,727	4,830,188
Harbour management	10,625	125	-10,500	26,107	21,000	-5,107	41,500
Total expenditure	350,361	407,357	56,996	2,905,466	3,306,627	401,161	4,992,065
Income							
General rates	-73,315	-73,315	0	101,203	101,203	0	199,448
Targeted rates	320,170	320,169	0	960,508	960,507	2	1,280,678
Direct charges	52,551	97,858	-45,307	513,758	782,864	-269,106	1,174,300
Government grants	189,925	165,081	24,844	1,638,829	1,320,648	318,181	2,058,968
Government grants for capital	0	0	0	0	0	0	0
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	-138,970	-102,436	-36,534	-308,833	141,405	-450,238	278,671
Total income	350,361	407,357	-56,996	2,905,466	3,306,627	-401,161	4,992,065
Operating surplus/(deficit)	0	0	0	0	0	0	0

Hazard management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● $\geq 5\%$ and ● $< 10\% \geq 10\%$			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.0M	\$0.5K over budget ↑	\$0.5M	\$104.0K under budget ↑
Against a YTD budget of 0.0M and a full year budget of 0.0M.		Against a YTD budget of 0.6M and a full year budget of 1.0M.	



Key	YTD Variance
■	$< 5\%$ and less than \$50,000
■	$\geq 5\% < 10\%$ and between \$50,000 and \$100,000
■	$\geq 10\%$ and greater than \$100,000

Commentary and variances

Overall hazard management expenditure is under budget. There are no material activity variances ($>$ or $<$ than \$100,000).

HAZARD MANAGEMENT

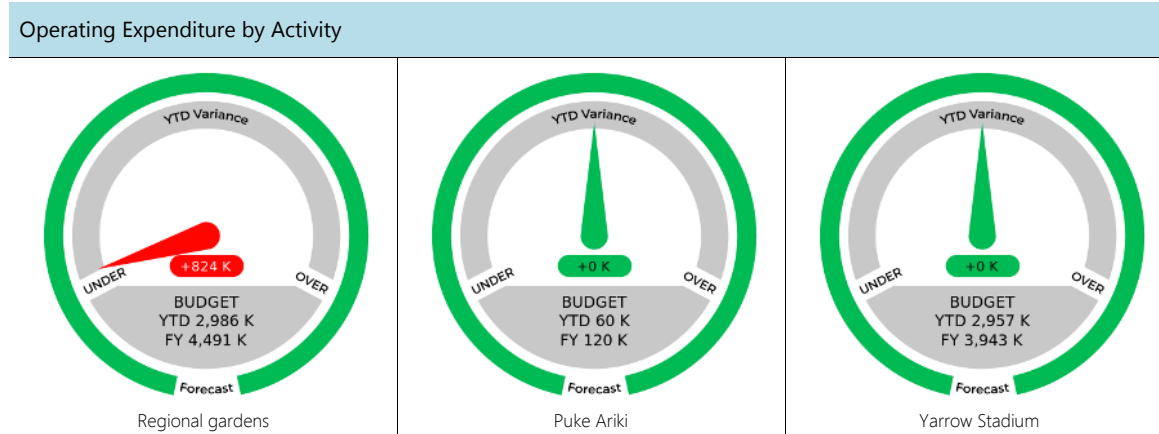
Cost of services statement

HAZARD MANAGEMENT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Civil defence emergency management	33,170	34,505	1,335	278,656	276,040	-2,616	414,058
Flood management and general river control	22,844	26,140	3,296	185,268	221,752	36,484	334,138
River control schemes	10,317	17,197	6,880	81,279	151,426	70,147	250,490
Total expenditure	66,331	77,842	11,511	545,203	649,218	104,015	998,686
Income							
General rates	-36,253	-36,253	0	64,648	64,648	0	162,654
Targeted rates	186,944	186,944	0	560,832	560,832	0	747,776
Direct charges	89	0	89	486	0	486	0
Government grants	0	0	0	0	0	0	0
Transfer from reserves	0	0	0	81,037	0	81,037	0
Transfer to reserves	-169,801	0	-169,801	-505,155	0	-505,155	-50,228
Investment funds	107,547	-50,653	158,200	409,944	90,326	319,618	227,263
Total income	88,527	100,038	-11,511	611,791	715,806	-104,015	1,087,465
Operating surplus/(deficit)	22,196	22,196	0	66,588	66,588	0	88,779

Recreation, culture and heritage

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.2M	\$43.8K over budget ↓	\$5.2M	\$823.8K under budget ↑
Against a YTD budget of 0.1M and a full year budget of 0.2M.		Against a YTD budget of 6.0M and a full year budget of 8.6M.	



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall recreation, culture and heritage expenditure is under budget. Material activity variances (> or < than \$100,000) are:

Regional Gardens - \$823,810 under budget due to a delay in the Kaitake Trail project funding.

RECREATION, CULTURE AND HERITAGE

Cost of services statement

RECREATION CULTURE AND HERITAGE							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional gardens	232,402	361,194	128,792	2,162,226	2,986,036	823,810	4,491,442
Puke Ariki	0	0	0	60,000	60,000	0	120,000
Yarrow Stadium	985,680	985,680	0	2,957,040	2,957,040	0	3,942,719
Total expenditure	1,218,082	1,346,874	128,792	5,179,266	6,003,076	823,810	8,554,161
Income							
General rates	143,824	143,824	0	1,215,866	1,215,866	0	1,841,487
Targeted rates	985,693	985,680	13	2,957,078	2,957,040	38	3,942,719
Direct charges	6,795	16,418	-9,623	175,149	131,344	43,805	197,000
Investment funds	81,770	200,952	-119,182	831,172	1,698,826	-867,654	2,572,955
Total income	1,218,082	1,346,874	-128,792	5,179,266	6,003,076	-823,810	8,554,161
Operating surplus/(deficit)	0	0	0	0	0	0	0

Regional representation, advocacy and investment management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council’s activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.1M	\$10.8K over budget ↓	\$1.2M	\$6.7K under budget ↓
Against a YTD budget of 0.0M and a full year budget of 0.1M.		Against a YTD budget of 1.2M and a full year budget of 1.8M.	

Operating Expenditure by Activity		
<p>Investment management</p>	<p>Community engagement</p>	<p>Advocacy and response</p>
<p>Governance</p>	<p>Key</p> <ul style="list-style-type: none"> YTD Variance ■ < 5% and less than \$50,000 ■ ≥ 5% < 10% and between \$50,000 and \$100,000 ■ ≥ 10% and greater than \$100,000 	

Commentary and variances

Overall regional representation and advocacy expenditure is on budget. There are no material activity variances (> or < than \$100,000).

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT							
	Month			Year to date			2019/2020
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Investment management	0	500	500	0	4,000	4,000	6,000
Community engagement	24,645	34,675	10,030	270,457	290,251	19,794	438,513
Advocacy and response	34,867	24,734	-10,133	163,727	211,205	47,478	319,091
Governance	78,137	77,662	-475	722,376	657,803	-64,573	996,912
Total expenditure	137,649	137,571	-78	1,156,560	1,163,259	6,699	1,760,516
Income							
General rates	54,850	54,850	0	464,953	464,953	0	703,948
Direct charges	3,187	6,083	-2,896	59,421	48,664	10,757	73,000
Investment funds	79,611	76,638	2,973	632,186	649,642	-17,456	983,568
Total income	137,649	137,571	78	1,156,560	1,163,259	-6,699	1,760,516
Operating surplus/(deficit)	0	0	0	0	0	0	0

Statement of financial position

This statement summarises the Council's assets, liabilities and residual equity. The statement is split between current items (those expected to be realised within 12 months) and non-current items (expected to last longer than 12 months).

	Month End Actual \$	2020/2021 Estimates \$	2019/2020 Annual Report \$
Current Assets			
Cash and cash equivalents	3,348,184	632,347	2,945,237
Current portion of investments	12,885,865	-	12,595,467
Trade and other receivables	6,771,898	2,000,000	6,969,430
Inventories	162,185	-	162,185
Loan to Taranaki Stadium Trust	4,000,000	25,000,000	4,000,000
Prepayments	701,149	100,000	245,831
Work in progress	501,277	400,000	189,382
Total current assets	28,370,558	28,132,347	27,107,532
Non-current assets			
Treasury investments	7,703,691	4,900,000	1,000,000
Port Taranaki Ltd	26,000,000	26,000,000	26,000,000
Civic Assurance Ltd	1,000	1,000	1,000
Regional Software Holdings Ltd	798,118	798,118	798,118
Intangible assets	667,632	1,825,922	869,701
Investment properties	19,249,000	17,380,500	19,559,000
Property plant and equipment	33,517,712	35,040,516	32,786,757
Deferred tax asset	80,499	-	80,499
Total non-current assets	88,017,652	85,946,056	81,095,075
Total assets	116,388,210	114,078,403	108,202,607
Current liabilities			
Trade and other payables	7,601,178	2,500,000	5,539,140
Work-in-progress	1,831,955	600,000	591,816
Employee entitlements current	1,004,569	935,000	1,141,005
Borrowings	5,000,000	-	4,000,000
Total current liabilities	15,437,702	4,035,000	11,271,961
Non-current liabilities			
Employee entitlements term	556,500	800,000	556,500
Borrowings	-	25,000,000	-
Total non-current liabilities	556,500	25,800,000	556,500
Total liabilities	15,994,202	29,835,000	11,828,461
Public equity			
Retained earnings	70,302,111	60,800,538	70,501,379
Reserves	24,875,025	18,933,527	20,655,895
Asset revaluation reserves	5,216,872	4,509,338	5,216,872
Total public equity	100,394,008	84,243,403	96,374,146
Total liabilities and equity	116,388,210	114,078,403	108,202,607

Commentary and variances

There are no significant variances to report

Capital expenditure and disposals

Capital expenditure in excess of \$10,000 for the month was:

DESCRIPTION	AMOUNT \$
Hydrology Sites WIP	16,685

Fixed asset disposals in excess of \$10,000 for the month were:-

DESCRIPTION	AMOUNT \$
2014 Nissan Navara	19,130

Local Authorities (Members' Interests) Act 1968

Additions to the *Creditors Detail List* for the month were:

CODE	CREDITOR NAME	ADDRESS	DATE ESTABLISHED
3736	Te Kahui o Taranaki	PO Box 929, New Plymouth	02-Feb-21
3737	Presenters Platform	59 Devonshire Road, Wellington	02-Feb-21
3738	MW Consultancy	27 Vancouver Place, New Plymouth	02-Feb-21
3739	Shane Reid Auto Electrical Ltd	PO Box 203, Hawera	04-Feb-21
3740	Amtech Medical Limited T/A St John's	P O Box 2059, Whanganui	04-Feb-21
3741	The Engraver 2014 Limited	44 Egmont Street, New Plymouth	04-Feb-21
3742	Squiz NZ Ltd	PO Box 19171, Marion Square, Wellington	04-Feb-21
3743	Third Floor Ventures	PO Box 343, Silverdale, Auckland	04-Feb-21
3745	Opunake Loop Trail Trust	45 Gisborne Terrace, Opunake	09-Feb-21
3746	JCMatthew NZ Ltd	156G Bush Road, Rosedale, Auckland	10-Feb-21
3747	Corys Electrical Ltd	118 Gill Street, New Plymouth	10-Feb-21
3748	RA & M Egarr	343 Barrett Road, New Plymouth	11-Feb-21
3749	BeSafe Taranaki Trust	C/- Wells Electrical, New Plymouth	12-Feb-21
3750	Blackman, Stephen	432 Corbett Road, New Plymouth	16-Feb-21
3751	Waiora Solutions Limited	356 Kuku Beach Road, Levin	17-Feb-21
3752	T & L Netmaking	58 Blue Ridge Drive, Victoria, Australia	17-Feb-21
3753	Bushguard Pest Services (Bait)	113 Brecon Road, Stratford	17-Feb-21
3754	Harbour View (2013) Ltd	60 Nelson Quay, Ahuriri, Napier	22-Feb-21
3755	Name It Labels	P O Box 32-251, Devonport, Auckland	24-Feb-21
3756	Lynne Atkins Greenhaugh Gardens	914 Napier Road, Palmerston North	25-Feb-21
3757	Coulls Midhirst Engineering	23 Cambria Street, Stratford	25-Feb-21
3758	Waitara Central Kindergarten	18 Browne Street, Waitara	26-Feb-21

Notes:

1. The schedule of all previously listed creditors for the purpose of the Local Authorities (Members' Interests) Act 1968 is available for Members' perusal.
2. The schedule excludes any staff who may have become a creditor.
3. Under the terms of Section 6 and Section (1) of the Local Authorities (Members' Interests) Act 1968, members are required to declare if they hold directly or indirectly, a pecuniary interest other than an interest in common with the public.

Financial delegations

The following payments were made during the period to 28 February 2021 that exceeded the budgeted approved delegated authority levels:

DESCRIPTION	AMOUNT \$
Nil	

Aged debtors analysis

The total debtors outstanding at 28 February 2021 were aged as follows:

DESCRIPTION	AMOUNT \$	PERCENT %
Current balance	4,517,866	92
30 days balance	29,405	1
60 days balance	9,054	-
90 days and over balance	354,431	7
Total debtors	4,910,756	100

Reserves

As at 28 February 2021 the following reserve balances were held:

DESCRIPTION	AMOUNT \$
Contingency/Disaster Reserve	1,086,000
North Taranaki/Waitara River Control Scheme Reserve	1,607,256
South Taranaki Rivers Control Scheme Reserve	11,461
Dividend Equalisation Reserve	6,424,063
Egmont National Park Control Reserve	613,000
Endowment Land Sales Reserve	2,470,000
Waitara Lands Act 2018 Reserve	12,663,245
Total reserves	24,875,025

Bank and investment balances

As at 28 February 2021 the following cash, bank and investment balances were held:

	% OF TOTAL	INVESTED \$	YIELD %	MATURITY DATE
Bank of New Zealand:				
Call Account	11	2,519,694	0.3	On Call
Current accounts	3	781,589	0.1	On Call
Waitara Lands Account		1,046	0.1	On Call
Term Investment	9	2,207,293	1.0	30/04/2021
Subordinated Notes	4	1,008,857	5.3	17/12/2025
TSB Bank:				
Cheque Accounts		741		On Call
Call Account		37,962	0.5	On Call
Term Investment	7	1,648,413	3.6	09/04/2021
Waitara Lands Term Investment	9	2,217,442	0.8	31/07/2021
ASB Bank:				
Cheque Account		6,654		On Call
Term Investment	4	1,060,078	0.9	18/08/2021
Term Investment	8	2,003,214	0.9	13/06/2021
Waitara Lands Term Investment	9	2,124,833	0.9	07/05/2021
Waitara Lands Term Investment	5	1,163,587	0.9	18/02/2022
Westpac:				
Waitara Lands Account		497	0.1	On Call
Waitara Lands Term Investment	11	2,664,649	1.2	06/04/2021
Waitara Lands Term Investment	9	2,253,727	0.9	22/07/2021
Waitara Lands Term Investment	9	2,237,463	0.8	22/06/2021
Total	100	23,937,740	1.4*	

All investments are in accordance with the *Investment Policy*. * Weighted average interest rate.

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Health and Safety Dashboard

Reporting Period:

1 January – 31 January 2021

Incidents (1 July 2020 – 30 June 2021)

Illness 0 (0)	Incidents 1 (9)	Injury 3 (16)
----------------------	------------------------	----------------------

ACC Claims 1 (5)	Near Miss 3 (41)	Notifiable 0 (0)
-------------------------	-------------------------	-------------------------

Types of Incidents and Injuries

Slips/Trips/Falls (no injury)	2
Sprains/Strains	-
Cuts/Abrasions	-
Bruising	-
Near Miss	3
Vehicle Damage	1
Insect Stings	1
Other	-

No Treatment	-
First Aid	3
Medical Centre	-
Physiotherapy/Osteopath	-
Hospital	-

Formal Investigation	-
WorkSafe Investigation	-

Health and Wellbeing

Workstation Assessments 8

Health Monitoring Assessments 2 Pre-employment assessments 1

Wellness Initiatives Beat the Back to Work Blues

3 non-work related return to work plans currently in place

Health and Safety Objectives Update

<p>Launching Workplace Wellbeing in February</p>	<p>Hazard reviews completed: 25</p>
<p>TRC wellbeing plan based on the Māori health model: Te Whare Tapa Whā</p>	<p>Chemical Audit completed</p>
<p>Health and Safety training days: 1</p>	<p>2020/2021 Health and Safety plan adopted</p>

Critical Incidents or have the potential to be critical

Event	Potential Consequence	Actual Consequence	Potential Controls to implement
Slipped down bank	Moderate	Low	N/A



Health and Safety Dashboard

Reporting Period:

1 – 28 February 2021

Incidents (1 July 2020 – 30 June 2021)

Illness 0 (0)	Incidents 0 (9)	Injury 0 (16)
----------------------	------------------------	----------------------

ACC Claims 0 (5)	Near Miss 5 (41)	Notifiable 0 (0)
-------------------------	-------------------------	-------------------------

Types of Incidents and Injuries

Slips/Trips/Falls (no injury)	-	No Treatment	-
Sprains/Strains	-	First Aid	-
Cuts/Abrasions	-	Medical Centre	-
Bruising	-	Physiotherapy/Osteopath	-
Near Miss	5	Hospital	-
Vehicle Damage	-		
Insect Stings	-	Formal Investigation	-
Other	-	WorkSafe Investigation	-

Health and Wellbeing

Workstation Assessments 4

Health Monitoring Assessments 20
Pre-employment assessments 3

Wellness Initiatives
Beat the Back to Work Blues

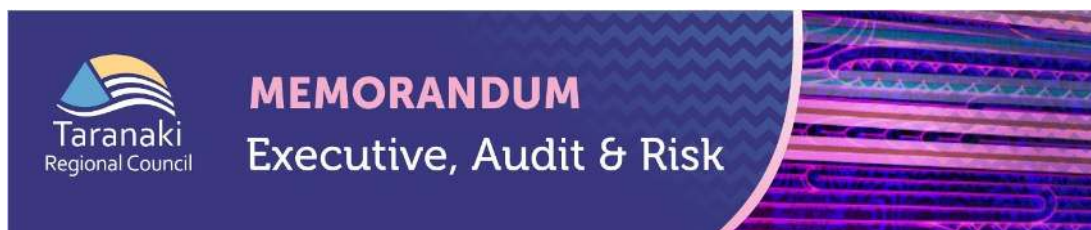
5 non-work related return to work plans
currently in place

Health and Safety Objectives Update

Launched Workplace Wellbeing	Hazard reviews completed: 30
TRC wellbeing plan based on the Māori health model: Te Whare Tapa Whā	Chemical Audit completed
Health and Safety training days: 5	2020/2021 Health and Safety plan adopted

Critical events or have the potential to be critical

Event	Potential Consequence	Actual Consequence	Potential Controls to implement
Batteries not stored correctly	High	Low	Additional battery storage cases purchased Education given Procedure updated.
Lone worker at Uruti Valley	Very High	Low	Change of process – no duty officer to attend odour complaints in the Uruti Valley between 6pm – 6 am. To be reviewed in 3 months.



Date: 29 March 2021

Subject: **Regional Software Holdings Ltd: Six Month Report to Shareholders to 31 December 2020**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2732006

Purpose

1. The purpose of this memorandum is to receive and consider Regional Software Holdings Ltd's interim report on the operations and activities of the company for the six months ending 31 December 2020.

Recommendation

That the Taranaki Regional Council:

- a) receives Regional Software Holdings Ltd's interim report for the six months ended 31 December 2020 including the unaudited financial report.

Background

2. The Council has a 15.5% shareholding in Regional Software Holdings Ltd. Regional Software Holdings Ltd is a council-controlled organisation (CCO) of the Council.
3. The *Local Government Act 2002*, and Regional Software Holdings Ltd's statement of intent, require a six-month set of financial statements (unaudited) to be prepared.

Discussion

4. Attached is the report for the six months ended 31 December 2020. The financial statements contained in the interim report are unaudited.
5. Regional Software Holdings Ltd is operating successfully operationally and financially.
6. Items of significance during the six months include:
7. IRIS: One release of IRIS was delivered, containing one major and seven minor enhancements. In accordance with the IRIS product strategy, the focus of enhancements was performance and usability. The Annual IRIS User Survey, conducted in September 2020, showed significant improvements in user feedback in all categories.

8. IRIS Next Generation: In November 2020, RSHL released a Request for Proposal (RFP) for the delivery of IRIS NextGen. Preparation of the RFP was a major undertaking and involved staff from 11 regional councils and unitary authorities. Responses to the RFP closed in February 2021 with an outcome expected by June 2021.
9. ReCoCo and Sector Financial Management System: The ReCoCo programme continues with seven active projects and two in development. In June 2020, the RCEOs Group approves a proposal for RSHL to manage financials for sector wide programmes including:
 - Regional Sector Office
 - Sector Business Plan
 - River Managers Programme
 - ReCoCo Technology Projects
 - EMaR Programme
 - Bio Managers Programme
 - Bio Control Programme.
10. Under this agreement, RSHL is responsible for management of a budget of \$2.5m of funds collected from the 16 councils, and contract management of the suppliers providing services to the sector. This is a major step towards achieving the vision “To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.”
11. Growth: Following a series of discussions and presentations, in December 2020 Bay of Plenty Regional Council advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme. At the same time, the RCEOs Group has asked RSHL to assist with the development of a feasibility report for the development of a regional sector shared services organisation. PWC have been engaged to provide advice on the structural changes required.
12. Regional Software Holdings Ltd’s business model is to operate at a breakeven point. That is, it is not intended that profits be generated from the users (also shareholders) of the company. Accordingly, there will be no dividend distributions. Looking forward, Regional Software Holdings Ltd is continuing to operate as intended by the shareholding councils and as laid out in the Statement of Intent.

Financial considerations—LTP/Annual Plan

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

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*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

15. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

16. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

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

Appendices/Attachments

Document 2731947: Covering Letter Regional Software Holdings Ltd: Six Month Report to Shareholders to 31 December 2020

Document 2731946: Regional Software Holdings Ltd: Six Month Report to Shareholders to 31 December 2020



Council
Collaboration
Into Action

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26 February 2021

RE : RSHL 2020/21 Interim Report

Please find attached the Regional Software Holdings Limited 2020/21 Interim Report as adopted by the Board.

This report covers the period from 1 July to 30 December 2020.

It has been an exciting and dynamic period for RSHL.

- Our IRIS NextGen project has continued at pace, with the publishing of an RFP as planned on the 30th of November. Staff from 11 councils are participating in the development and evaluation of the RFP.
- This year RSHL established the Sector Financial Management System in conjunction with the RCEOs group. Under this agreement RSHL is responsible for the management of funding for Regional Sector collaborative programmes. In this financial year the sector has a budget of over \$2.5M for these initiatives.

Looking forward, RSHL has an opportunity to achieve our vision of becoming the shared services vehicle for the sector. This is reflected in the draft Statement of Intent provided to councils on the 27th of February.

We thank you for your ongoing support for RSHL.

Sincerely

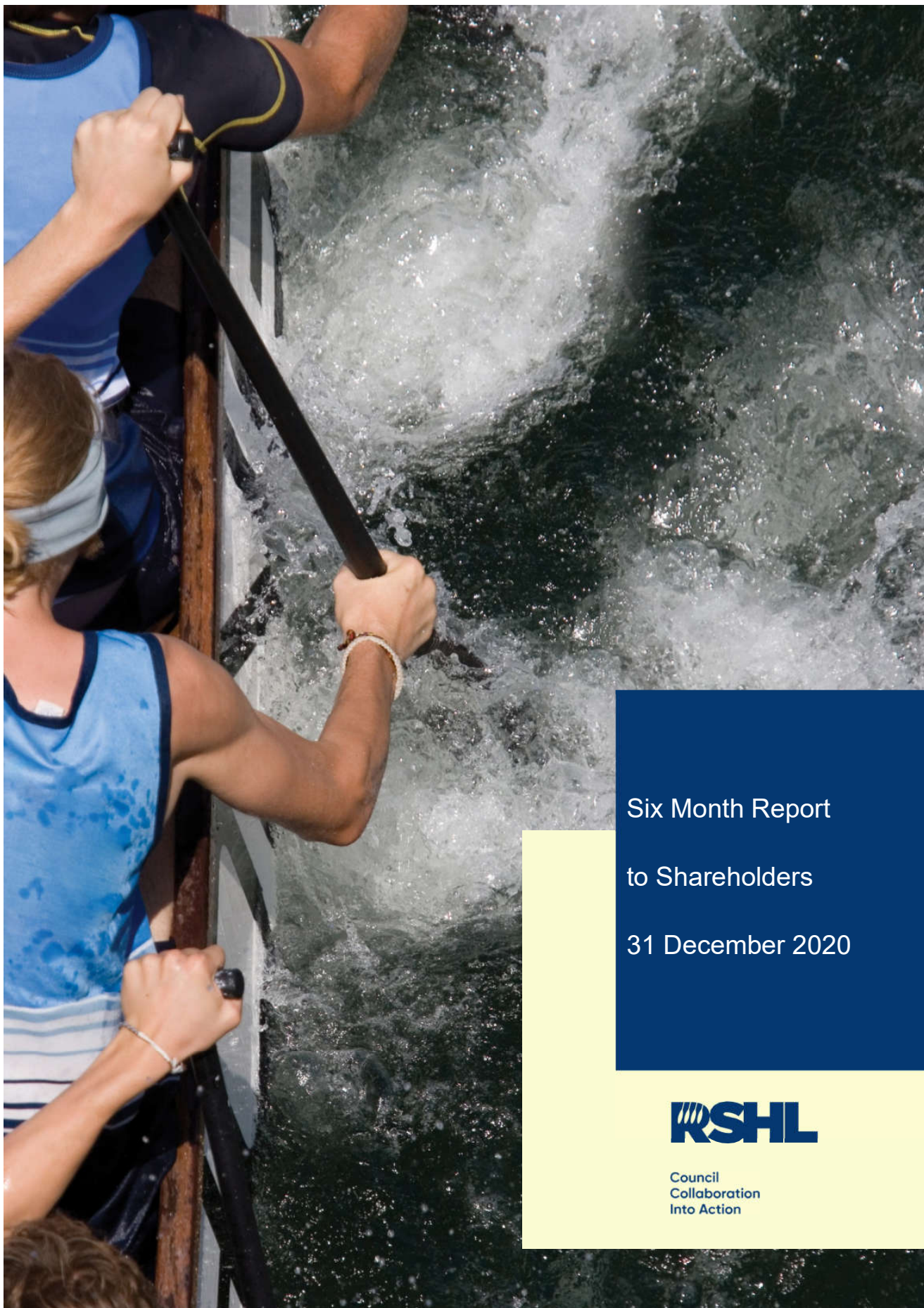
Mark Donnelly

A handwritten signature in black ink, appearing to read 'M.D.', with a large, sweeping flourish underneath.

General Manager

Document ID: RSHL-1877002180-3705

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Into
action.



Six Month Report
to Shareholders
31 December 2020



Council
Collaboration
Into Action



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Entity Information

Regional Software Holdings Limited For the 6 months ended 31 December 2020

Regional Software Holdings Limited (RSHL) was incorporated in October 2012. This report covers the 6 months from 1 July 2020 to 31 December 2020 as required by Section 66 of the Local Government Act 2002. RSHL has no subsidiaries or joint ventures.

Entity Type and Legal Basis

RSHL is a Public Limited Liability Company incorporated and registered under the Companies Act 1993 and is a council-controlled organisation as defined in Section 6 of Local Government Act 2002

Entity Structure

The Company comprises of a Board of seven Directors. The Board oversee the governance of RSHL. In addition there is a General Manager who is responsible for the day-to-day operations of RSHL and reporting to the Board. Each of the six shareholder entities are entitled to separately appoint one director each, with one independent director appointed by the Board.

Main Sources of Entity's Cash and Resources

Funds for IRIS development and operation of the company are received by way of levies from each member Council. These levies are set annually in the Statement of Intent. These are the primary source of funding to RSHL. Additional funding for ReCoCo projects is collected from all 16 regional and unitary councils as required.

Nature and Scope of Activities to be Undertaken

RSHL provides a framework for collaboration between the shareholders and across the wider regional council sector. It supports the procurement or development of shared solutions and products in a manner that provides greater consistency in how we operate our core processes. RSHL provides a more cost effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements. Some councils are both customers of RSHL and providers of service to RSHL.

RSHL activities are currently grouped into two key programmes of work:

IRIS	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p>IRIS Next Generation</p> <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 3-5 years.</p> <p>The intention is that IRIS NextGen will be cloud based with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>Along with the software solution, we anticipate implementing consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will identify:</p> <ul style="list-style-type: none"> • The IRIS NextGen solution. • A transition plan for existing users. • A growth plan to attract new councils to the programme.
ReCoCo	<p>RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p>



Vision

To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

Mission

Deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Greater influence for the sector with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software

Values

In all RSHL decisions and interactions the Board and staff together with council participants who may be working within the RSHL framework will observe the following values and ethos:

- We are forward thinking and innovative
- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open

Guiding Principles

- The best decision is that which provides the best end result, primarily for participating councils and indirectly the communities they serve
- Our solutions will be practical, appropriate to the scale of the problem and affordable
- Where appropriate we will utilise codes of practice and standards produced by industry groups
- All parties to any decision or interaction will be treated with respect, dignity, integrity and honesty

Objectives

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to:

- Achieve the objective of its shareholders, both commercial and non-commercial as specified in the Statement of Intent
- Be a good employer
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.



Statement of Service Performance

Regional Software Holdings Limited For the 6 months ended 31 December 2020

Progress against the Statement of Intent (SOI) performance measures is reported in the following section.

Items of significance during the six months include:

IRIS	<p>One release of IRIS was successfully delivered in this period, containing one major and seven minor enhancements. In accordance with the IRIS product strategy, the focus of enhancements was performance and usability.</p> <p>The Annual IRIS User Survey conducted in September 2020 showed significant improvements in user feedback in all categories.</p>
IRIS Next Generation	<p>In November 2020, RSHL released a Request for Proposal for the delivery of IRIS NextGen. Preparation of the RFP was a major undertaking and involved staff from 11 Regional Councils and Unitary Authorities. Responses to the RFP close in February 2021 with an outcome expected by June.</p>
ReCoCo and Sector Financial Management System	<p>The ReCoCo programme continues with seven active projects and two in development. In June 2020 the RCEOs Group approves a proposal for RSHL to manage the financials for sector wide programmes:</p> <ul style="list-style-type: none"> • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • EMaR Programme • Bio Managers Programme • Bio Control Programme <p>Under this agreement, RSHL is responsible for management of a budget of \$2.5M of funds collected from the 16 councils, and contract management of the suppliers providing services to the sector.</p> <p>This is a major step towards achieving our vision “To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.”</p>
Growth	<p>Follow a series of discussions and presentations, in December 2020 Bay of Plenty Regional Council advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme.</p> <p>At the same time the RCEOs Group has asked RSHL to assist with the development of a feasibility report for the development of a regional sector shared services organisation. PWC have been engaged to provide advice on the structural changes required.</p>



Vale Les Gibbs

The board and staff at RSHL wish to acknowledge the passing of board member Les Gibbs. Les passed away suddenly in November 2020. Les was a well-liked, and respected member of the regional sector whanau and his loss was deeply felt.

Les was part of RSHL since its inception and participated on both the board and Advisory Group. Les was also extremely active in the SIG network.

Our thoughts remain with his family and friends.

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2020-2021 financial year.

	Performance Measures	For the period ending 31 December 2020
Non Financial	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Complete The first annual survey was undertaken in July 2019. The second was conducted in September 2020 and showed improvements in user feedback in all categories.
Non Financial	Develop, approve, communicate and refine the product strategy for IRIS and IRIS NG. Draft strategy presented to the Board by 31 December 2020.	Complete The product roadmap for IRIS was presented, discussed and agreed at the board meeting in November 2020. The Programme Plan for IRIS NextGen was approved in August 2020.
Non Financial	Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	On Track The draft enhancement roadmap for IRIS was presented to the Advisory Group in January 2021.
Non Financial	Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	On Track There have been 9 active Major Projects this year (including 4 carried over from FY20. 4 Projects have completed and 5 remain in progress. All are operating within agreed scope, cost and time.
Non Financial	Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	On Track Representatives from all IRIS councils have been actively involved in developing the enhancement roadmap.
Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	On Track Expenditure and Income for RSHL Management & Overhead and IRIS continue to be within budgets. The Sector Financial Management System Agreement has driven significant variances in income and expenditure for ReCoCo. This does not impact on the RSHL balance sheet.



Financial	Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	On Track
Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholders base of RSHL.	<p>Achieved BOPRC has advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme.</p> <p>The Sector Financial Management System has markedly increased the footprint of RSHL within the sector.</p>
Growth	Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	<p>On Track 11 Councils are participating in the RFP process to find the eventual replacement for IRIS.</p>
Growth	Be a service delivery vehicle for wider regional council sector and related council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	<p>On Track The ReCoCo programme continues with seven active projects and two in development.</p> <p>In June 2020 the RCEOs Group approves a proposal for RSHL to manage the financials for sector wide programmes:</p> <ul style="list-style-type: none"> • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • EMaR Programme • Bio Managers Programme • Bio Control Programme <p>Under this agreement, RSHL is responsible for management of a budget of \$2.5M of funds collected from the 16 councils, and contract management of the suppliers providing services to the sector.</p>



Directors Report

Regional Software Holdings Limited For the 6 months ended 31 December 2020

Financial Position

Member Contributions and Other Revenue are tracking to budget.

Regional Sector Shared Services Revenue far exceeds budget. This is because of the unbudgeted revenue from the Sector Financial Management System. NB That this is revenue in advance that RSHL holds on behalf of the regional sector.

Operating expenditure for RSHL activities is tracking to budget. However we have expended significantly more on contracted services than budgeted, but significantly less on Management Fees.

Expenditure for Shared services is significantly more than budgeted. Again, this is due to the increased activity from the Sector Financial Management System.

The cash position is very favourable to budget due to the Sector Financial Management Funds. It is expected that the income and expenditure for RSHL activities will be close to budget.

Financial Statements

The financial statements required by section 66 of the Local Government Act 2002 are attached.

Registered Office

C/- O'Fee Next Level Accounting PO Box 1007 Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor-General.

Directors

The directors appointed for the period that this six monthly report covers were:

Mike Nield (Chairperson)	Taranaki Regional Council
John Crane	Waikato Regional Council
Malcolm Nicolson	Northland Regional Council
Ged Shirley	Horizons Regional Council
Jane Carroll	Southland Regional Council (From 23 November 2020)
Les Gibbs	West Coast Regional Council (Until 30 November 2020)
Neil Selman	Southland Regional Council (Until 30 November 2020)
A Aakjaer (Independent Director)	

Interest Register

All directors listed their interests in the register on being appointed to the company and interest are reviewed at each board meeting. The following interests are registered:

Director	Organisation	Interest
MJ Nield	Taranaki Stadium Trust	Trustee
J Crane	-	-
MC Nicolson	Hawk Hill Estates Limited The Masters Group Holdings Limited	Director Director
G Shirley	-	-
J Carroll	JCom Limited JC's Properties Limited Voicecom Technologies Limited	Director & Shareholder Director & Shareholder Shareholder
A Aakjaer	Negotiate Limited Aakjar Trustee Company Limited Ice Bear Holdings Limited One Sheep at a Time Limited Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council	Director & Shareholder

Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who receives remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, one employee was employed by RSHL and their remuneration was over \$150,000. The audit fee for the period is unconfirmed at the time of writing, paid to Audit New Zealand.

Statement of Compliance and Responsibility

In terms of the Local Government Act 2002, the Board of Directors is responsible for the preparation of RSHL financial statements and to assist the company to meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of RSHL has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the six months ended 31 December 2020

Signed on behalf of the Board of Directors:



J Carroll - Director



MJ Nield - Chairperson

Date: 28 February 2021



Statement of Comprehensive Revenue and Expense

Regional Software Holdings Limited For the 6 months ended 31 December 2020

	NOTES	31 DEC 2020 6 MONTHS (UNAUDITED)	31 DEC 2019 6 MONTHS (UNAUDITED)	30 JUNE 2021 12 MONTHS SQI	30 JUNE 2020 12 MONTHS AUDITED
Revenue					
Interest		287	103	600	308
Regional Sector Shared Services		1,367,914	51,875	220,000	258,702
Member Contributions		953,193	569,963	1,322,091	1,197,678
Other revenue	1	115,959	160,332	154,612	205,398
Total Revenue		2,437,352	782,272	1,697,303	1,662,086
Expenses					
Administration Costs	2	29,572	13,175	37,586	34,262
Audit and Legal Fees		-	-	5,900	5,589
Datacom Support Services		97,713	114,164	212,815	255,013
Environmental Charges		10,366	11,794	22,000	22,248
External Contractors		156,515	99,558	160,000	157,521
External Directors Fees		19,179	15,000	30,630	25,167
Management Fees		94,728	47,192	190,400	106,395
Other Direct Software Expenses		140,323	61,590	489,363	72,479
Personnel costs		73,802	45,865	158,255	120,732
Promotional costs		2,080	-	16,000	17,681
Regional Sector Shared Services		587,188	86,701	220,000	314,456
Travel and Meeting Costs		6,939	11,629	18,750	11,480
Depreciation	5	455,817	438,113	900,438	880,608
Total Expenses		1,674,222	944,780	2,462,137	2,023,631
Surplus/(deficit) before tax		763,131	(162,508)	(764,834)	(361,545)
Surplus/(deficit) after tax		763,131	(162,508)	(764,834)	(361,545)
Surplus/(deficit) attributable to RSH Ltd		763,131	(162,508)	(764,834)	(361,545)
Total comprehensive revenue and expense		763,131	(162,508)	(764,834)	(361,545)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.



Statement of Comprehensive Revenue and Expense - RSHL Activity

Regional Software Holdings Limited For the 6 months ended 31 December 2020

NOTES	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Revenue				
Interest	287	103	600	308
Members Contribution	953,193	569,963	1,322,091	1,197,678
Other revenue	115,959	160,332	154,612	205,398
Total Revenue	1,069,439	730,397	1,477,303	1,403,384
Expenses				
Administration Costs	29,572	13,175	37,586	34,262
Audit and Legal Fees	-	-	5,900	5,589
Datacom Support Contract	97,713	114,164	212,815	255,013
Environment Charges	10,366	11,794	22,000	22,248
External Contractors	156,515	99,558	160,000	157,521
External Directors Fees	19,179	15,000	30,630	25,167
Management Fees	94,728	47,192	190,400	106,395
Other Direct Software Expenses	140,323	61,590	489,363	72,479
Personnel Costs	73,802	45,865	158,255	120,732
Promotional costs	2,080	-	16,000	17,681
Travel, Accommodation & Meeting costs	6,939	11,629	18,750	11,480
Depreciation	455,817	438,113	900,438	880,608
Total Expenses	1,087,034	858,079	2,242,137	1,709,175
Surplus/(deficit) before tax	(17,595)	(127,682)	(764,834)	(305,791)
Surplus/(deficit) after tax of RSHL Activity	(17,595)	(127,682)	(764,834)	(305,791)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.



Statement of Comprehensive Revenue and Expense - ReCoCo Activity

Regional Software Holdings Limited For the 6 months ended 31 December 2020

NOTES	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SQI	30 JUNE 2020 12 MONTHS AUDITED
Revenue				
Regional Sector Share Services	1,367,914	51,875	220,000	258,702
Total Revenue	1,367,914	51,875	220,000	258,702
Expenses				
Regional Sector Share Services	587,188	86,701	220,000	314,456
Total Expenses	587,188	86,701	220,000	314,456
Surplus/(deficit) before tax	780,726	(34,826)	-	(55,754)
Surplus/(deficit) ReCoCo Activity	780,726	(34,826)	-	(55,754)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.



Statement of Financial Position

Regional Software Holdings Limited As at 31 December 2020

	NOTES	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Assets					
Current Assets					
Cash and cash equivalents	3	1,336,016	484,343	630,630	601,965
Accounts Receivable and Accruals	4	589,389	139,956	-	203,778
Goods and Services tax		-	-	-	646
Income Tax Receivable		261	110	-	188
Total Current Assets		1,925,667	624,409	630,630	806,577
Non-Current Assets					
Property, Plant & Equipment (PPE)	5	4,097,436	4,681,376	3,518,909	4,453,053
Total Non-Current Assets		4,097,436	4,681,376	4,149,539	4,453,053
Total Assets		6,023,103	5,305,784	4,149,539	5,259,630
Liabilities					
Current Liabilities					
Payables and Accruals	6	154,977	91,519	-	230,293
Income Received in Advance		29,886	-	-	19,924
Revenue in Advance - ReCoCo		172,274	161,441	-	172,274
Goods and services tax		65,696	16,648	-	-
Total Current Liabilities		422,832	269,609	-	422,491
Total Liabilities		422,832	269,609	-	422,491
Net Assets		5,600,270	5,036,176	4,149,539	4,837,140
Equity					
Contributed Capital	7	5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Funds	7	451,120	(112,974)	(999,611)	(312,010)
Total Equity		5,600,270	5,036,176	4,149,539	4,837,140

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated



Statement of Changes in Equity/Net Assets

Regional Software Holdings Limited For the 6 months ended 31 December 2020

	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Equity				
Opening Balance	4,837,140	5,198,684	4,914,373	5,198,685
Total Comprehensive Revenue and Expense for the year	763,131	(162,508)	(764,834)	(361,545)
Balance at 30 June	5,600,270	5,036,176	4,149,539	4,837,140
Total Comprehensive Revenue and Expense Attributable to				
Regional Software Holdings Ltd	763,131	(162,508)	(764,834)	(361,545)



Statement of Cash Flows

Regional Software Holdings Limited For the 6 months ended 31 December 2020

	31 DEC 2020 12 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Cash Flows from Operating Activities				
Receipts from Members	907,866	890,957	374,612	1,507,855
Interest Received	287	103	600	308
ReCoCo Income	1,177,860	-	1,322,091	231,750
Other Income	-	106,364	-	141,233
Income tax received/(paid)	(74)	1	-	-
Payments to suppliers and employees	(1,205,408)	(521,604)	(1,561,699)	(1,115,210)
Interest Paid	-	(4)	-	(3)
GST	2,575	38,686	-	27,141
Total Cash Flows from Operating Activities	883,106	514,503	135,064	793,074
Cash Flows from Investing and Financing Activities				
Payments to acquire property, plant and equipment	(149,056)	(312,516)	(200,000)	(473,464)
Total Cash Flows from Investing and Financing Activities	(149,056)	(312,516)	(200,000)	(473,464)
Net Increase/ (Decrease) in Cash	734,051	201,988	(64,396)	319,610
Cash Balances				
Cash and cash equivalents at beginning of period	601,965	282,355	695,026	282,355
Cash and cash equivalents at end of period	1,336,016	484,343	630,630	601,965
Net change in cash for period	734,051	201,988	(64,396)	319,610

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated



Statement of Accounting Policies

Regional Software Holdings Limited For the 6 months ended 31 December 2020

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by:

Council	Ownership
Waikato Regional Council	32.75%
Northland Regional Council	16.75%
Horizons Regional Council	15.50%
Taranaki Regional Council	15.50%
Southland Regional Council	15.50%
West Coast Regional Council	4.00%

RSHL was incorporated in October 2012. RSHL was primarily incorporated for the purposes of providing a framework for the collaboration between the shareholders and across the wider regional council sector. RSHL has designated itself a Public Benefit Entity (PBE) for the purposes of complying with generally accepted accounting practices.

The financial statements are those of RSHL, for the six months ended 31 December 2020, and were authorised for issue by the Board of Directors on 28 February 2021.

Public Benefit Entity Simple Format Reporting

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standard.

Basis of Preparation of the Financial Statements

The Financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements have been prepared on a historical costs basis. All transactions are reported using the accrual basis of accounting.

Statement of Compliance

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standards.



Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Summary of Significant Accounting Policies

Revenue

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

- a) Members Contributions and other forms of revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.
- b) Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received. Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

Cash and cash equivalents includes cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented as a current liability in the Statement of Financial Position.

Receivables

Short-term receivables are recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recognised as a bad debt expense.

Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling process. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are presented on a GST-inclusive basis. Where GST paid is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or recovered from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.



Income Tax

Income tax expenses calculated using the axes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Payables

Short term creditors and other payables are recorded at the amount owed.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of the IRIS software suite are recognised as property, plant and equipment.

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%.

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumption have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

The companies Act 1993 requires disclosure of the amount of the donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000.

For this financial year one staff member was employed by RSHL.

Remuneration Bracket	Staff
100,000 - 110,000	0
110,000 - 120,000	0
120,000 - 130,000	0
130,000 - 140,000	0
140,000 -150,000	0
150,000 - 160,000	0
160,000 - 170,000	0
170,000 +	1

The audit fee for the six month period is expected to be \$nil (GST Exclusive) paid to Audit New Zealand.



Notes to the Performance Report

Regional Software Holdings Limited For the 6 months ended 31 December 2020

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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1. Other Income

Northland Regional Council Data Mapping	-	-	-	4,620
Recovery of other direct software expenses	-	84,616	-	64,160
User Funding - Hawkes Bay Regional Council	115,959	75,716	154,612	136,618
Total Other Income	115,959	160,332	154,612	205,398

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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2. Administration Expenses

Accounting & Technical Support	25,137	9,327	27,264	28,363
Administration Costs	2,060	1,507	8,022	3,792
Bank Fees	134	111	-	236
Insurance	2,240	2,230	2,300	1,871
Total Administration Expenses	29,572	13,175	37,586	34,262

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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3. Cash and cash equivalents

Business Online Saver	580,172	80,118	630,630	80,133
Credit Card - Mark Donnelly	(496)	-	-	-
Current Account	756,340	404,225	-	521,832
Total Cash and cash equivalents	1,336,016	484,343	630,630	601,965

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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4. Receivables and accruals

Accounts Receivable	559,504	139,956	-	144,007
Prepayments	29,886	-	-	59,771
Total Receivables and accruals	589,389	139,956	-	203,778

5. Property, Plant and Equipment

	E-Learning Software	IRIS Software Intellectual Property	Computer Hardware	Total
Carrying amounts as at 1 July 2019	35,438	4,847,737	2,171	4,885,346
Additions	-	448,314	-	448,314
Disposals (net accumulated depreciation)	-	-	-	-
Depreciation Expense	(4,253)	(874,816)	(1,540)	(880,608)
Work in Progress written off/impaired	-	-	-	-
Carrying amount as at 30 June 2020	31,186	4,421,235	631	4,453,052
Carrying amounts as at 1 July 2020	31,186	4,421,235	631	4,453,052
Additions	-	100,111	-	100,111
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(2,126)	(453,060)	(630)	(455,817)
Work in Progress written off/impaired	-	-	-	-
Carrying amount as at 31 December 2020	29,059	4,068,287	-	4,097,346

At 31 December 2020 the working progress value of the IRIS Asset is \$100,200 (30 June 2020: \$244,166) with \$126,889 capitalised during the year.

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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6. Payables and accruals

Accounts Payable	124,836	76,425	-	199,651
PAYE Payable	7,082	5,908	-	3,942
Employee Entitlements	9,947	-	-	4,572
Accrued Expenses	13,113	9,185	-	22,128
Total Payables and accruals	154,977	91,519	-	230,292



	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
7. Equity				
Contributed Capital				
Balance at 1 July	5,149,150	5,149,150	5,149,150	5,149,150
Capital Contribution	-	-	-	-
Balance at end of period	5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Surplus				
Balance at 1 July	(312,011)	49,534	(234,777)	49,534
Surplus/(deficit) for the year	763,131	(162,508)	(764,834)	(361,545)
Balance at end of period	451,120	(112,974)	(999,611)	(312,011)
Total Equity	5,600,270	5,036,176	4,149,539	4,837,139

8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2020 (Last year - nil).

9. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect RSHL would have adopted in dealing with the party at arm's length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure:

RSHL purchased management services from Waikato Regional Council (WRC) (32.75% shareholder) to the value of \$85,551 (including GST) (Dec 2019: \$37,950 (incl. GST)).

RSHL purchases administrative services from West Coast Regional Council (WCRC) (4.0% shareholder) to the value of \$7,101 (including GST) (Dec2019: \$5,866 (incl. GST)).



Council
Collaboration
Into Action



C/- West Coast Regional Council, PO Box 66, Greymouth 7840



Date: 29 March 2021

Subject: **Regional Software Holdings Ltd: Draft Statement of Intent for 2021/2022 to 2023/2024**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2720763

Purpose

1. The purpose of this memorandum is to receive and consider Regional Software Holdings Ltd's statement of intent (SOI) for the year ending 30 June 2022 and then to provide feedback to the Board of Directors.

Recommendations

That the Taranaki Regional Council:

- a) receives and considers Regional Software Holdings Ltd's statement of intent for the year ending 30 June 2022
- b) provides feedback to the Board of Directors of Regional Software Holdings Ltd.

Background

2. The Council has a 15.5% shareholding in Regional Software Holdings Ltd. Regional Software Holdings Ltd is a council-controlled organisation (CCO) of the Council.
3. CCO's are required to prepare a statement of intent and forward it to shareholders by 1 March of each year. Shareholders then consider the draft SOI and provide feedback to the CCO. CCO's are required to furnish a completed statement of intent by 30 June of each year.
4. Regional Software Holdings Ltd has prepared the attached draft SOI for the year ending 30 June 2022. The SOI was received by the statutory deadline.

Discussion

5. The *Local Government Act 2002* sets out the requirements for a statement of intent. The attached statement complies with the requirements of the Act.
6. The draft statement of intent reflects the partnership arrangements between the seven regional Councils (Northland, Waikato, Taranaki, Horizons, West Coast, Southland (all

shareholders) and Hawkes Bay (customer only)) that have developed and implemented IRIS (Integrated Regional Information Systems).

7. The draft SOI delivers upon the development and maintenance roadmap that has been agreed upon by the user councils.
8. As noted last year, RHSL has become the vehicle for the delivery of shared services in the information solutions space across the regional council sector. This is cost neutral to the IRIS shareholders and customers, as the participants for each one of these new-shared services will be funding that particular project. This initiative has grown and developed into the Sector Financial Management System. This will continue to grow as the sector addresses increasing numbers of issues from a sector-wide consistency point of view.
9. As IRIS ages, it is necessary to reinvest in the underlying technology to ensure that the product does not become technically obsolete. Planning for this reinvestment is well underway. The draft statement of intent reflects the planning to date for the transition to the next generation of IRIS. The budgets include indicative costs for the next two financial years after 2021/2022.
10. The 2021/2022 fees being charged are in line with previously signalled levels and the amounts provided for 2021/2022 in the proposed *2021/2031 Long-Term Plan*.
11. The draft statement of intent is now open for consideration by the Council. This is the Council's opportunity to provide feedback to the Board of Directors.
12. There are no particular areas of concern or areas that need to be drawn to Members attention.

Financial considerations—LTP/Annual Plan

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

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*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

15. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

16. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

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

Appendices/Attachments

Document 2720756: Regional Software Holdings Ltd Statement of Intent 2021/2022 Covering Letter

Document 2720755: Regional Software Holdings Ltd Statement of Intent 2021/2022



Council
Collaboration
Into Action

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28 February 2021

RE : Statement of Intent 2021-22

Regional Software Holdings Limited is pleased to present its draft Statement of Intent (SOI) for 2021-22 for your consideration.

The draft SOI is required to be received by 1 March 2021 for review and feedback by shareholding councils. The Board looks forward to receiving the shareholding councils' views on the draft Statement of Intent before 1 May 2021.

This year will be a year of transition for RSHL.

- By December 2021 we expect to confirm more details of the IRIS Next Generation implementation, including costs, timetables and participating councils.
- Within the same timeframe we also expect to have a clearer picture of the future membership structure of RSHL. This structure will be driven by IRIS NextGen and the regional sector shared services strategy, which we are developing in partnership with the Regional Chief Executive Officers Group.

The 2021-22 SOI budget and the indicative budgets for 2022-24 have been prepared with this transition in mind. The following drivers and principles have been applied.

- CPI increases in member contributions only, with debt being used to fund IRIS NextGen after the procurement phase is complete.
- Resourcing IRIS and IRIS NextGen sufficiently to ensure success.
- A clear separation of costs between IRIS, IRIS NextGen to enable other

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Into
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councils contribute to the new initiative.

- Clear identification of costs related to sector shared services, ensuring that the costs of the Sector Financial Management System, ReCoCo and regional sector shared services development are shared equitably.

The budgeted financial result is an operating deficit of \$931,269. This reflects the depreciating value of the investment in the IRIS product. As noted in the 2019/20 annual report this is not a cause for concern. Reinvestment in the legacy IRIS product is not continuing at sufficient levels to cover depreciation as the product nears the end of its life and the company looks to reinvest in IRIS NextGen. Budgeted cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

This is a draft SOI for discussion with member councils. Given the dynamic and transitional nature of the environment that RSHL operates in, we encourage, and fully expect feedback on this statement of intent.

Sincerely

A handwritten signature in black ink, appearing to read 'M.D.', with a large, sweeping flourish underneath.

Mark Donnelly
General Manager

Regional Software Holdings Limited

DRAFT Statement of Intent 2022/2023/2024

February 2021
Version 1.0

1 Introduction

This Statement of Intent is a declaration of the activities and intentions of Regional Software Holdings Limited (RSHL). The statement outlines the Directors’ accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

RSHL has no subsidiaries or joint ventures.

1.1 Vision

To provide a high-quality shared service for the regional¹ council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

1.2 Mission

Deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Greater influence for the sector with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software

1.3 Nature and Scope of Activities to be Undertaken

RSHL provides a framework for collaboration between the shareholders and across the sector. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate our core processes. RSHL provides a more cost effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements. Some councils are both customers of RSHL and providers of service to RSHL.

RSHL activities are currently grouped into three key programmes of work:

IRIS	The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap.
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¹ Including unitary authorities

	<p>IRIS Next Generation</p> <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> <p>IRIS Next Generation (NextGen) will be cloud based with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>Along with the software solution, we will implement consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will identify:</p> <ul style="list-style-type: none"> • The IRIS NextGen solution • A transition plan for existing users • A growth plan to attract new councils to the program <p>The IRIS NextGen program will require changes to the shareholding and membership arrangements of RSHL. RSHL will implement these changes over the next two years.</p> <p>The budget for 2021/22 and indicative budget for subsequent years reflect the use of debt to fund the development of IRIS NextGen. This approach is seen as the best way to smooth the costs of the new solution over a longer term than would otherwise be the case.</p>
Sector Shared Services	<p>In 2020 the ReCoCo Programme was superseded by the Sector Financial Management System (SFMS).</p> <p>As part of the SFMS RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • EMaR Programme • Bio Managers Programme • Bio Control Programme <p>The sector has a budget of over \$2.5M for these initiatives. RSHL collects this funding from councils and engages suppliers to deliver services to achieve the outcomes from each of the programmes.</p> <p>ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo Programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p>

The success of IRIS, ReCoCo and the Sector Financial Management System is a key factor in the willingness within the sector to consider a full-fledged shared services organisation.

1.4 Values

In all RSHL decisions and interactions the Board and staff together with council participants who may be working within the RSHL framework will observe the following values and ethos:

- We are forward thinking and innovative

- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open

1.5 Guiding Principles

- The best decision is that which provides the best end result, primarily for participating councils and indirectly the communities they serve.
- Our solutions will be practical, appropriate to the scale of the problem and affordable.
- Where appropriate we will utilise codes of practice and standards produced by industry groups.
- All parties to any decision or interaction will be treated with respect, dignity, integrity, and honesty.

1.6 Possible Opportunities for Growth

RSHL seeks to increase the value delivered to customers, shareholders and the sector.

RSHL has extended its collaboration framework and service delivery beyond the scope of the IRIS software product.

Through the Sector Financial Management System:

- RSHL will continue to deliver collaborative outcomes through the sector special interest.
- RSHL will work alongside the special interest groups to agree and deliver the collaborative work programme. This will operate on a cost recovery basis.
- RSHL will provide a vehicle for delivering shared solutions and services to the sector in order to achieve consistent, good practice regional sector specific processes.

RSHL will attract new councils to participate in defining and procuring the eventual replacement for IRIS – this is the IRIS NextGen project.

Over the next year RSHL expects to support the development of a regional sector shared services organisation, with a shareholding including most regional councils and unitary authorities.

New opportunities will be identified, and priorities set in the Business Plan. Other opportunities may arise and be investigated on a case by case basis. New activities will require explicit Board approval.

The potential market for RSHL to offer products and services is New Zealand Regional Councils and Unitary Authorities.

2 Objectives

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to:²

- a) achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- b) be a good employer;

² From: Constitution of Regional Software Holdings Ltd, Section 1.1

- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

3 Board's Approach to Governance

Members of RSHL's Board of Directors are appointed by the shareholders to govern and direct RSHL's activities. The Shareholders Agreement states that each shareholder has the right to appoint one Director, and that person will be the CEO, or a person nominated by the CEO.³ The Constitution allows each Director to appoint an alternative director.⁴ The Constitution also allows the Shareholders to appoint independent directors.⁵ The Constitution requires that the Board collectively must have relevant knowledge and experience of finance, public bodies, management, governance, and IT management.⁶

The Board is the overall final body responsible for all decision-making within the company. The Board is accountable to its shareholders for the financial and non-financial performance of the company.

Directors' behaviour is to comply with Institute of Directors' standards for Code of Conduct. The purpose of the code is to clarify how the Board of Directors shall define and deal with:

- The role and fundamental obligations of the Board
- Independence and conflict of interest, including conflict with management
- Board procedures, including the role of the Chairman and interaction with the General Manager
- Reliance on information and independent advice
- Confidentiality of company information
- Board and Director performance review and development

RSHL will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, the provisions of the Local Government Act 2002 and the Companies Act 1993.

4 Ratio of Consolidated Shareholder's Funds to Total Assets

It is intended that the proportion of equity to total assets be in excess of 60%.

5 Accounting Policies

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP), the Financial Reporting Act 1993 and the NZ PBE's Tier 2.

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Standards. RSHL is not publicly accountable and expenditure is not higher than \$30 million.

Appendix 1 includes RSHL's Accounting Policies

³RSHL Shareholders Agreement clause 4.1

⁴ RSHL Constitution clause 8.3

⁵ RSHL Constitution clause 8.4

⁶ RSHL Constitution clause 8.6

6 Performance Targets and Other Measures

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

		2021/22	2022/23	2023/24
Non Financial	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Applies each year		
	Develop, approve and communicate the product strategy for IRIS NextGen.	Applies in the 2021/2022 year only.		
	Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Applies each year		
	Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Applies each year		
	Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	Applies each year		
Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	Applies each year		
	Annual charges for shareholders and customers to be at the level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Applies each year		

Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year
	Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	Applies each year
	Be a service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System (or similar).	Applies every year.
	Be a service delivery vehicle for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	Applies each year
	Work with the RCEOs Group to develop a business case for the Regional Sector Shared Services Organisation. Business Case to be considered by December 2021 to allow for the development of a new Statement of Intent in early 2022.	Applies in the 2021/2022 year only.

7 Distribution of Profits to Shareholders

RSHL does not have an objective to make a profit. It seeks to provide products and services at lower costs, and / or higher levels of service than shareholder councils can achieve on their own.

In order for RSHL to be subject to tax, generally it must meet the business test. Fundamental to this is a profit motive. Given the basis under which this CCO operates is to minimise the costs and generally operate on a cost recovery basis and that a pecuniary profit is not intended and highly unlikely, the lack of a profit motive is real.

The RSHL Shareholders Agreement states “If Operating Expenses for a fiscal year are less than the budgeted amount for such year, the Company will retain the funds for application to Operating Expenses for the subsequent fiscal year”⁷. Therefore there will not be a profit available for distribution.

8 Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within two months of the end of the financial year the following audited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company’s medium to long-term plans.

⁷ Shareholders Agreement, clause 7.4

- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council's shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

9 Procedures for Major Transactions and Other Acquisitions and Disposals

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

10 Procedures for Issue of Shares

The RSHL shareholder agreement requires the approval of the Shareholders holding at least of 75% of the shares for "the issuing or acquisition of any Shares or any change to the rights attaching to any Shares"⁸.

11 Activities for Which Compensation Is Sought

Payment of an Annual Fee for IRIS will be sought from all customers of RSHL, which includes Shareholder Councils, for annual support and development fees, as set out in the License Agreement. The IRIS annual support fee also includes funding to cover the cost of running RSHL.

It is noted that other products or services may be delivered by RSHL. Any such services will only be delivered after the Directors have considered each individual business case including the proposed budget and agreed that the proposed service meets the objectives of RSHL.

Any ongoing activities to identify develop or procure additional products or services will be budgeted for in advance, subject to the business case. The subsequent recovery from one or more shareholder or customer councils will be agreed by the Directors on a case by case basis in accordance with the RSHL Constitution.

12 Estimate of Commercial Value of The Shareholder's Investment

The Directors' estimate of the commercial value of the Shareholders' investment in RSHL is equal to the Shareholders' equity in the Company. Reassessment of the value of this shareholding shall be undertaken on or about 30 June each year.

⁸ RSHL Subscription & Shareholders Agreement Section 5.1 (b)

The technologies used to develop the IRIS product will eventually reach the end of their useful life. From time to time, RSHL will need to reinvest to ensure the underlying technology remains fit for purpose and current. RSHL will identify the technologies for the next iteration of IRIS and the level of re-investment required. Future statements of intent will provide for this reinvestment. The impact on the residual value of the existing IRIS product will be reassessed at that time.

13 Shareholding

Regional Software Holdings Limited (RSHL) was formed on 17 October 2012. At the time of formation the company issued 10,000 shares to its shareholders based on a previously agreed sizing formula. The following shareholding was agreed:

Shareholder	Percentage	# of shares
Waikato Regional Council	32.75%	3,275
Northland Regional Council	16.75%	1,675
Horizons Regional Council	15.50%	1,550
Taranaki Regional Council	15.50%	1,550
Southland Regional Council	15.50%	1,550
West Coast Regional Council	4.00%	400

14 Proportion of Member Contributions

Member contributions for IRIS and the operation of RSHL will be collected in the following proportions.

Shareholder	Percentage
Waikato Regional Council	36.78%
Northland Regional Council	13.55%
Horizons Regional Council	18.17%
Taranaki Regional Council	13.55%
Southland Regional Council	13.55%
West Coast Regional Council	4.4%
Total	100%

Statement of Intent 2021-2022
Regional Software Holdings Limited
Statement of Financial Performance
For the 12 Months to 30 June

2020/21 Budget	Notes	2021/22 SOI	2022/23 Indicative	2023/24 Indicative
Income				
1,196,928		1,214,881	1,239,179	1,264,211
1,196,928	Members Contribution	1,214,881	1,239,179	1,264,211
<u>Other Income</u>				
600	Interest Received	600	600	600
0	Saas	0	0	0
0	Cognise & Elearning licences	0	0	0
125,163	Council Specific Funding	126,066	128,588	131,185
154,612	User Funding	156,931	160,070	163,303
0	ReCoCo Expense Recovery	75,000	75,000	75,000
1,477,303	Total Income	1,573,479	1,603,437	1,634,299
Expenditure				
<u>Administration costs</u>				
10,322	Administration costs	9,522	9,586	11,148
27,264	Accounting & Technical Support	32,343	32,666	33,308
5,900	Audit & Legal fees	86,534	26,765	27,305
212,815	Datacom Support Services	260,000	263,900	267,859
524,200	Technical Services	646,040	539,581	543,174
22,000	Environment Charges	22,444	22,893	23,356
0	Finance Costs	20,000	40,000	60,000
190,400	Management Fees	145,000	147,900	290,888
158,255	Personnel Costs	176,610	180,142	183,781
16,000	Promotional Costs	8,000	3,000	3,000
30,630	Independent Director's Fees	33,000	33,660	34,340
18,750	Travel & Meeting Costs	18,750	18,750	18,750
125,163	Other Direct Software	126,066	128,588	131,185
1,341,699	<i>Total administration costs</i>	1,584,310	1,447,431	1,628,093
<u>Sundry other costs</u>				
900,438	Depreciation	920,438	992,438	1,139,438
2,242,137	Total expenditure:	2,504,748	2,439,869	2,767,531
Surplus/ (Deficit) from RSHL Activities		(931,269)	(836,432)	(1,133,232)
ReCoCo Activity				
<u>Income</u>				
220,000	Regional Sector Funding	2,551,392	2,551,392	2,551,392
Total Income		2,551,392	2,551,392	2,551,392
<u>Expenses</u>				
	Administration Costs	25,000	25,000	25,000
	Personnel Costs	50,000	50,000	50,000
220,000	Regional Sector Shared Services Expenditure	2,476,392	2,476,392	2,476,392
Total expenditure:		2,551,392	2,551,392	2,551,392
Operating Surplus for ReCoCo Activities		0	0	0
(764,834)	Surplus/(Deficit) before Tax	(931,269)	(836,432)	(1,133,232)
	Income Tax Expenses			
(764,834)	Surplus/(Deficit) after Tax	(931,269)	(836,432)	(1,133,232)

Regional Software Holdings Limited
Statement of Financial Position
As at 30 June

2020/21 Budget	<u>Statement of Financial Position</u>	Notes	2021/22 SOI	2022/23 Indicative	2023/24 Indicative
	ASSETS				
	Current assets				
630,630	Bank Accounts and Cash		899,799	585,805	642,010
	Debtors and Prepayments				
	Non Current Assets				
3,518,909	Property, Plant & Equipment		3,318,471	3,796,034	3,606,596
<u>4,149,539</u>	Total Assets		<u>4,218,271</u>	<u>4,381,839</u>	<u>4,248,606</u>
	LIABILITIES				
	Current liabilities				
0	Creditors and Accrued Expenses		0	0	0
0	Income Received in Advance		0	0	0
	Non Current Liabilities				
0	Borrowings		1,000,000	2,000,000	3,000,000
<u>0</u>	Total Liabilities		<u>1,000,000</u>	<u>2,000,000</u>	<u>3,000,000</u>
<u>4,149,539</u>	NET ASSETS		<u>3,218,271</u>	<u>2,381,839</u>	<u>1,248,606</u>

REPRESENTED BY:

2020/21 Budget		2021/22 SOI	2022/23 Indicative	2023/24 Indicative
	Equity			
5,149,150	Equity	5,149,150	5,149,150	5,149,150
(764,834)	Current Year Earnings	(931,269)	(836,432)	(1,133,232)
(234,777)	Retained Earnings	(999,611)	(1,930,880)	(2,767,312)
<u>4,149,539</u>	Total Equity	<u>3,218,271</u>	<u>2,381,839</u>	<u>1,248,606</u>
		(1)	(1)	0
(0)	Statement of Movement in Equity			
	Opening Equity	4,149,539	3,218,271	2,381,839
	Comprehensive income for the year	(931,269)	(836,432)	(1,133,232)
0	Total Equity	3,218,271	2,381,839	1,248,606

Regional Software Holdings Limited
Statement of Cash Flows
For the 12 Months to 30 June

2020/21 Budget	Notes	2021/22 SOI	2022/23 Indicative	2023/24 Indicative
Cashflows from Operating Activities				
<u>Cash received from:</u>				
374,612	Receipts from customers	2,783,323	2,786,462	2,789,695
1,322,091	Shareholder contributions	1,340,948	1,367,767	1,395,396
600	Interest	600	600	600
	Income Tax Paid (refunded)	0	0	0
1,697,303	Total Operating Receipts	4,124,871	4,154,829	4,185,691
<u>Cash applied to:</u>				
1,561,699	Payments to suppliers	4,135,702	3,998,823	4,179,485
0	Income Tax Paid (refunded)	0	0	0
0	Interest W/holding tax paid	0	0	0
1,561,699	Total Operating Payments	4,135,702	3,998,823	4,179,485
135,604	Net cash from operating	(10,831)	156,006	6,205
Cashflow from Investing Activities				
<u>Cash received from:</u>				
0	Sale of Fixed Assets	0	0	0
0	Investment Maturities	0	0	0
0	Total Investment Receipts	0	0	0
<u>Cash applied to:</u>				
200,000	Purchase of Fixed/ Intangible assets	720,000	1,470,000	950,000
0	Investment deposits	0	0	0
200,000	Total Investment Payments	720,000	1,470,000	950,000
(200,000)	Net cash from investing	(720,000)	(1,470,000)	(950,000)
Cashflow from Financing Activities				
<u>Cash received from:</u>				
0	Capital contributions	0	0	0
0	Proceeds from Loan Borrowings	1,000,000	1,000,000	1,000,000
0	Total Financing Receipts	1,000,000	1,000,000	1,000,000
<u>Cash applied to:</u>				
0	Capital repaid	0	0	0
0	Total Financing Payments	0	0	0
(64,396)	Net cash from financing	1,000,000	1,000,000	1,000,000
Net increase (decrease) in cash-flow for the year				
695,026	Opening cash balance	630,630	899,799	585,805
630,630	Closing cash balance	899,799	585,805	642,010
Made up of:				
25,000	Current account	25,000	25,000	25,000
605,630	Auto-call account	874,799	560,805	617,010
630,630		899,799	585,805	642,010

Appendix 1: Accounting Policies

1 General Information

Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by Waikato Regional Council (32.75%) Northland Regional Council (16.75%) Horizons Regional Council (15.50%) Taranaki Regional Council (15.50%) Southland Regional Council (15.50%) and West Coast Regional Council (4.00%). RSHL was incorporated on 17 October 2012.

RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS Software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

Public Benefit Entity Simple Format Reporting

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standard.

Basis of Preparation of the Financial Statements

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements will be prepared on a historical cost basis.

Statement of Compliance

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Tier 2 Public Benefit Entity (PBE) Standards. RSHL is not publicly accountable and expenditure is not higher than \$30 million.

These financial statements comply with PBE Standards.

Presentation Currency and Rounding

The prospective financial statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of RSHL is New Zealand dollars.

The reporting period for these prospective financial statements is the year ending 30 June.

2 Summary of Significant Accounting Policies

Revenue

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

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.

Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

Cash and cash equivalents include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are presented as a current liability in the Statement of Financial Position.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling process. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

Goods and Services Tax (GST)

RSHL is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of the IRIS software suite are recognised as property, plant and equipment.

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%. Revising changing to 20% over five years

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, RSHL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

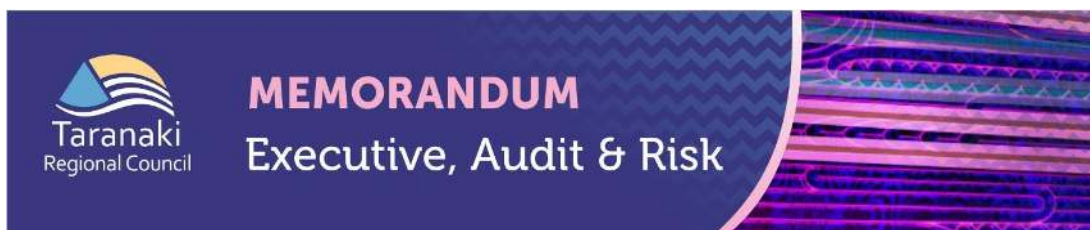
The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000.

Note For Information: Requirements for Statement of Intent

Source: Office of the Auditor General

<http://www.oag.govt.nz/2007/corporate-intent/appendix2.htm>

Item	Section
Statement of intent	This document
Coverage over three financial years and updated annually	1 & 8 & 6
Objectives of the group	2
A statement of the board's approach to governance	3
Nature and scope of the activities to be undertaken	1
Ratio of consolidated shareholders' funds to total assets, and the definitions of those terms	4
Accounting policies	5
Performance targets and other measures by which the performance of the group may be judged in relation to its objectives	6
An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders	7
The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years	8 (Shareholders)
Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation	9
Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation)	11 (Local authority)
The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed	12 (Shareholders)
Other matters that are agreed by the shareholders/ shareholding Ministers and the board	none (Shareholders)
Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent	8 (Plus explanation of material variances)



Date 29 March 2021

Subject: **Taranaki Stadium Trust Half Year Report to 31 December 2020**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2720247

Purpose

1. The purpose of this memorandum is to receive and consider the Taranaki Stadium Trust's half-year report for the six months ended 31 December 2020.

Recommendation

That the Taranaki Regional Council:

- a) receives the Taranaki Stadium Trust's half-year report for the six months ended 31 December 2020

Background

2. Pursuant to the *Local Government Act 2002* and the Taranaki Stadium Trust's statement of intent, the Trust provides the Council with a six-monthly financial report. Attached is the half-year report for the six months ended 31 December 2020.

Discussion

3. The focus of the first six months of 2020/2021 has been to commence the redevelopment programme for Yarrow Stadium in accordance with the Council's review of the scope of the project.
4. The Trust's focus on the redevelopment project will continue for the rest of 2020/2021 and the next two years.

Financial considerations—LTP/Annual Plan

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

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*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

7. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

8. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

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

Appendices/Attachments

Document 2702017: Taranaki Stadium Trust Half-Year Report and Financial Statements for the six months ended 31 December 2020.



Taranaki Stadium Trust
Half Year Report – Unaudited
Six Months Ended 31 December 2020

VISION FOR YARROW STADIUM

The best regional stadium in New Zealand that regularly hosts national and international sports and entertainment events.

A stadium for both major events and community events and the premier outdoor field for team sports codes.

A stadium that is loved by sports fans and the local community.

A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior event facilities, presentation and management and through the early adoption and smart use of technology.

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Document 2702017

Entity information for the Six Months Ended 31 December 2020

Legal name

Taranaki Stadium Trust

Type of entity and legal basis

The Taranaki Stadium Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by the Taranaki Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees.

The Trust's purpose

The purpose of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of two Trustees who oversee the governance of the Trust. The Trustees are appointed by the Taranaki Regional Council. The Trust does not employ any staff. All the Trust's administrative and support services are undertaken by the Taranaki Regional Council. The operation of Yarrow Stadium is undertaken by the New Plymouth District Council pursuant to a Management Agreement.

Main sources of the Trust's cash and resources

Operating grants received from the Taranaki Regional Council are the primary sources of funding to the Trust.

Outputs

Refer to the statement of service performance.



Trustee's Report

The Trustees are pleased to present the Taranaki Stadium Trust's *2020/2021 Half-Year Financial Report*.

The purpose of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council.

The Trust, the New Plymouth District Council and the Taranaki Regional Council have a partnership arrangement for the operation and the development, maintenance and enhancement of the Yarrow Stadium facilities. Under the Trust's Deed and the Management Agreement between the Trust and the New Plymouth District Council, the New Plymouth District Council operates and funds the operations of Yarrow Stadium. The Taranaki Regional Council funds, via the Trust, the long-term maintenance and development of Yarrow Stadium.

This partnership for funding and operating, maintaining and developing is designed to maintain Yarrow Stadium as the best regional stadium in New Zealand that regularly hosts national and international sports and entertainment events.

Highlights

Yarrow Stadium operated in a limited capacity as both the stands were closed as they are earthquake prone buildings. There continued to be a small range of events and activities at the Stadium.

The Trust and the Taranaki Regional Council, through their 2019/2020 Annual Plan process, agreed on a \$50m repair and refurbishment project to return Yarrow Stadium to its previous status as the nation's top regional venue.

Yarrow Stadium is well regarded nationally and internationally and, as such, the Taranaki Stadium Trust is committed to getting Yarrow Stadium fully operational as soon as is practicable. The Trust shares the Taranaki Regional Council's vision for Yarrow Stadium, being:

The best regional stadium in New Zealand that regularly hosts national and international sports and entertainment events.

A stadium for both major events and community events and the premier outdoor field for team sports codes.

A stadium that is loved by sports fans and the local community.

A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior event facilities, presentation and management and through the early adoption and smart use of technology.

The Covid-19 pandemic had significant impact on professional sports and events in general and on New Zealand Rugby and the Taranaki Rugby Football Union in particular. This resulted in the Taranaki Regional Council undertaking a review of the scope of the project.

Concurrently, the Council was successful in securing \$20m of "shovel-ready" funding from the Government's Crown Infrastructure Partners.

Further, the complexity and associated risks/costs of the repair of the West Stand continued to grow.

Taking account of these factors, the scope of the repair and reinstatement project was amended and the implementation commenced. The key changes to the project were:

- Demolition of the current East Stand and a new build replacement
- Incorporation of the training facilities building within the new East Stand build.

With the scope review complete, the project implementation has fully commenced. The contract for the repair of the West Stand was awarded to local contractors Cleland Construction. Work commenced prior to Christmas 2020.

Trustee's Report



Establishing contracts and contractors for the demolition of the East Stand, design of the new East Stand, replacement of the lighting and the new drainage/irrigation/replacement of the Field 1 turf.

The Council's repair and refurbishment project will include:

- Repairs to the West Stand
- Demolition of the East Stand and construction of a replacement
- Important refurbishments including additional food and beverage outlets and toilets, technology upgrades, LED pitch lighting, car park improvements, maintenance and grounds storage sheds, gate improvements, new South Terrace seating and reinstatement of Field 1.

The Trust and the Council will also ask the Yarrow Stadium operator, New Plymouth District Council, to seek ways to encourage increased use of the facility by a wider range of sporting and non-sporting organisations.

Financial Highlights

The Trust's 2020/2021 funding is focussed around the delivery of the redevelopment project. Work on the project has commenced and will accelerate over the next twelve months. To date the project spend is \$3.4m. Funding is in place for the work to be completed.

The delivery of the repair and recovery programme will require the Trust to borrow up to \$30m from the Taranaki Regional Council (in addition to the existing \$5m loan facility). The servicing of this debt will come from rates sourced Taranaki Regional Council funding.

Looking Ahead

Yarrow Stadium and the Trust faces some challenging times ahead as the goal of returning the Stadium to full operational use is implemented.

Elvina Van Der Leden
Trustee
26 February 2021

Michael Nield
Trustee
26 February 2021

Statement of Service Performance

Performance Targets

The performance of Taranaki Stadium Trust has been judged against the following measures:

The presence of a Management Agreement with the New Plymouth District Council for the operation of the Stadium

An agreement for the management and operation of Yarrow Stadium, between the Trust and the New Plymouth District Council, is in place. The original agreement for the Council to manage and operate the stadium was signed in 2004 and the latest renewal came into effect from 27 June 2013. New Plymouth District Council operated Yarrow Stadium in accordance with the Management Agreement during 2020/2021.

The provision of funding for a programme of agreed maintenance and long-term development of the Stadium. The programme of maintenance and long-term development is to be agreed upon by the Taranaki Regional Council and the New Plymouth District Council.

The Taranaki Regional Council has approved a \$50m repair and refurbishment project for Yarrow Stadium. The New Plymouth District Council and the Taranaki Regional Council have agreed upon a long-term maintenance and development programme for the ten years from 2016/2017 to 30 June 2025. The Taranaki Regional Council provided funding of \$3,942,708 to the Taranaki Stadium Trust.

Asset management planning for Yarrow Stadium is on hold while the repair and refurbishment project is delivered. Funding has been used to deliver the repair and refurbishment project. The focus has been on getting the Stadium operational again.



Statement of Financial Performance for the Six Months Ended 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Revenue			
Council funding	1	1,971,360	1,971,360
Interest revenue		193	41
Donated plant and equipment		-	-
Total revenue		1,971,553	1,971,401
Expenses			
Depreciation	6	456,246	441,249
Finance expenses	2	13,311	83,725
Other expenses	3	152,498	261,113
Losses on revaluation of buildings	6	-	-
Total expenses		622,055	786,087
Surplus/(deficit)		1,349,498	1,185,314
Other comprehensive revenue			
Gains/(losses) on revaluation of Stadium	6	-	-
Total other comprehensive income		-	-
Total comprehensive income/(deficit)		1,349,498	1,185,314
Total comprehensive income/(deficit) attributable to:			
Taranaki Regional Council		1,349,498	1,185,314
Total comprehensive income/(deficit)		1,349,498	1,185,314

Statement of Changes in Equity for the Six Months Ended 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Balance at 1 July		12,849,804	12,109,734
Surplus/(deficit) for the year		1,349,498	1,185,314
Other comprehensive income		-	-
Total comprehensive income/(deficit)		1,349,498	1,185,314
Balance at 31 December	4	14,199,302	13,295,048

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	807,101	233,918
Debtors and other receivables	7	-	1,133,532
Total current assets		807,101	1,367,450
Non-current assets			
Property, plant and equipment	6	17,689,595	19,346,155
Total non-current assets		17,689,595	19,346,155
Total assets		18,496,696	20,713,605
Liabilities			
Current liabilities			
Creditors and other payables	8	297,066	2,453,257
Borrowings	9	4,000,328	4,965,300
Total current liabilities		4,297,394	7,418,557
Total liabilities		4,297,394	7,418,557
Net assets		14,199,302	13,295,048
Equity			
Accumulated funds	4	12,849,302	12,325,048
Asset Revaluation Reserve	4	1,350,000	970,000
Total equity attributable to the Trust	4	14,199,302	13,295,048

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Six Months Ended 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Cash flows from (used in) operating activities			
Taranaki Regional Council		1,971,360	985,680
Interest received		198	42
Payments to suppliers		(158,608)	(169,345)
Interest paid		(13,324)	(83,725)
Goods and services tax (net)		(61,317)	113,624
Net cash from (used in) operating activities	10	1,738,309	846,276
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(787,781)	(1,671,769)
Net cash from (used in) investing activities		(787,781)	(1,671,769)
Cash flows from (used in) financing activities			
Applied to borrowings		(154,985)	-
Provided from borrowings		-	1,050,010
Net cash from (used in) financing activities		(154,985)	1,050,010
Net (decrease)/increase in cash and cash equivalents		795,543	224,517
Opening cash and cash equivalents		11,558	9,401
Closing cash and cash equivalents	5	807,101	233,918

The goods and services tax (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Statement of accounting policies

Reporting entity

The Taranaki Stadium Trust (the Trust) is a charitable trust incorporated in New Zealand under the *Charitable Trusts Act 1957* and is domiciled in New Zealand. The Trust is controlled by the Taranaki Regional Council and is a Council Controlled Organisation as defined under section 6 of the *Local Government Act 2002*, by virtue of the Council's right to appoint the Board of Trustees.

Rather than making a financial return, the primary objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council. The Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

The financial statements of the Trust are for the six months ended 31 December 2020. The financial statements were authorised for issue by the Board of Trustees on 26 February 2021.

Basis of preparation

Measurement base

The financial statements have been prepared on a historical costs basis, modified by the revaluation of certain fixed assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

New and amended accounting standards adopted

There have been no new or amended accounting standards adopted for the six months ended 31 December 2020.

Changes in accounting policies

There have been no changes in accounting policies for the six months ended 31 December 2020.

Significant accounting policies

The following is a summary of the significant accounting policies, adopted by the Trust, in the preparation of these financial statements.

Goods and services tax

The Trust is registered for Goods and Services Tax (GST). The financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST, recoverable from or payable to the Inland Revenue Department (IRD), is included as part of receivables or payables, in the statement of financial position. The net amount of GST, paid to or received from the IRD, is classified as an operating cash flow, in the statement of cash flows.

Notes to the Financial Statements

Revenue

Council grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest revenue is recorded as it is earned during the year.

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings, as a current liability, in the statement of financial position.

Investments

Investments comprise investments in terms deposits with banks. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Debtors and other receivables

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Property, plant and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses with the exception of land and buildings which is recorded at valuation. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Work in progress is recorded at cost. Cost includes expenditure which is directly attributable to the acquisition of an asset. Capital work in progress is not depreciated.

Accounting for revaluations

The Trust elects to apply PBE IPSAS 17 *Property, Plant and Equipment* for the purposes of accounting for revaluations.

When an item of property, plant and equipment is revalued, any accumulated depreciation, at the date of the revaluation, is eliminated against the gross carrying amount of the asset. Then, the net amount is restated, to reflect the revaluation.

If the carrying amount of an item of property, plant and equipment increases, as the result of a revaluation, the increase shall be recognised in the asset revaluation reserve, within other comprehensive income. However, the increase shall be recognised in the surplus or deficit, to the extent that it reverses a revaluation decrease, of the same class of assets, previously recognised in the surplus or deficit.

If the carrying amount of an item of property, plant and equipment decreases, as the result of a revaluation, the decrease shall be recognised in the surplus or deficit. However, the decrease shall be recognised in the asset revaluation reserve, within other comprehensive income, to the extent of any credit balance in the revaluation reserve, in relation to that asset class.

Notes to the Financial Statements

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

In accordance with the Trust's Statement of Intent for the year to 30 June 2020, property, plant and equipment is revalued on a three yearly cycle, with the latest occurring as at 30 June 2020.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment will be recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it will be recognised at fair value as at the acquisition date.

Disposals

Gains and losses on disposal are determined by comparing proceeds received, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, amounts included in the asset revaluation reserve, in relation to those assets, will be transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed annually for impairment, with reference to internal and external factors which may indicate the carrying value exceeds depreciated replacement cost. The Trust elects to apply *Impairment of Revalued Assets including Amendments to PBE IPSASs 21 and 26* for the purposes of the impairment recognised in note 6. Any significant impairment is recognised by writing the assets down to their depreciated replacement cost and charging the impairment to the relevant revaluation reserve or to the surplus or deficit, where there is no revaluation reserve. If an asset's carrying value exceeds its recoverable amount, the asset is impaired, and the carrying amount is written down to the recoverable amount. In relation to revalued assets, the impairment loss is recognised against the revaluation reserve, for that asset class. Where that results in a debit balance, in the revaluation reserve, the balance is recognised in the surplus or deficit. In relation to assets that are not revalued, the total impairment is recognised in the surplus or deficit.

Depreciation and amortisation expense

Depreciation is provided on a straight-line basis, at rates that will write-off the cost or valuation of assets, to their estimated residual values, over their useful lives. The rates of depreciation are as follows:

Buildings	1.25% to 6.67% per annum
Furniture, fittings and equipment	6.67% to 25.00% per annum
Office Equipment	15.00% to 30.00% per annum

The residual value and the useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Income tax

The Trust has been granted Charitable Status by the IRD and therefore, is exempt from income tax.

Loans

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year-end that has not yet been paid.

Notes to the Financial Statements

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the actual results.

Estimates and assumptions are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the value of assets and liabilities, within the next financial year, are discussed below:

Property, plant and equipment useful lives and residual values:

At each balance date, the Trust reviews the useful lives and residual values of its property, plant and equipment. To assess whether the useful lives and residual values are appropriate, the Trust considers a number of factors, such as, the physical condition of the asset, the expected period of use of the asset, and the expected disposal proceeds, from future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset and will therefore, impact depreciation expense in the statement of comprehensive income, and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this uncertainty through physical inspection of assets.

Going concern

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future. As at 31 December 2020, the Trust's current liabilities exceeded its current assets by \$3,490,293. This is mainly the result of the \$4,000,000 of borrowings from Taranaki Regional Council for the repair and refurbishment project. The Trust is funded by Taranaki Regional Council to maintain Yarrow Stadium as a community asset.

Taranaki Regional Council has provided a letter of support to ensure that the Trust will continue to be provided financial support to enable it to pay its debts as they fall due. Taranaki Regional Council have also secured the funding that is required to repair the assets and the stadium as outlined in the Taranaki Regional Council 2019/2020 and 2020/2021 Annual Plans.

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. In response, New Zealand has moved through different alert levels with differing levels of restrictions on domestic activity.

The Trust has considered the impact of COVID-19 in respect of its status as a going concern. COVID-19 delayed the implementation of the repair and refurbishment project, thus providing the opportunity for the Taranaki Regional Council to apply for Government "shovel-ready" funding. This application was successful to the tune of \$20m which will reduce the debt cost to the Trust in future years. The Trust was able to continue operating throughout the different pandemic alert levels and COVID-19 has resulted in no impact on liquidity and working capital. There has been no impact on access to capital. The Trust is well positioned to maintain its financial position and to continue operating through this time of business uncertainty.

Notes to the Financial Statements

1. Income

	31 December 2020 \$	31 December 2019 \$
Annual grant from the Taranaki Regional Council	1,971,360	1,971,360

Donated goods or services not recognised:

During the year, the Trust received professional accounting and secretarial services from the Taranaki Regional Council at no charge.

2. Finance Expenses

	31 December 2020 \$	31 December 2019 \$
Interest - loans	13,311	83,725
Total finance expenses	13,311	83,725

3. Other Expenses

	31 December 2020 \$	31 December 2019 \$
Ancillary Services	119	-
Audit fees for financial statement audit	-	4,000
Bank charges	82	90
Charities commission	44	44
Insurance	142,093	68,911
General expenses	-	188,067
Stadium repairs and maintenance	800	-
Valuation Fees	9,360	-
Total other expenses	152,498	261,113

4. Equity

	31 December 2020 \$	31 December 2019 \$
Accumulated funds		
Balance at 1 July	11,499,804	11,139,734
Surplus/(deficit) for the year	1,349,498	1,185,314
Other comprehensive income/(deficit)	-	-
Transfers to asset revaluation reserve	-	-
Balance at 31 December	12,849,302	12,325,048
Asset revaluation reserve		
Balance at 1 July	1,350,000	970,000
Movement in the asset revaluation reserve	-	-
Balance at 31 December	1,350,000	970,000
Total equity	14,199,302	13,295,048

Notes to the Financial Statements

5. Cash and cash equivalents

	31 December 2020 \$	31 December 2019 \$
TSB Bank current account	53,588	230,618
TSB Bank on call account	753,513	3,300
Total cash and cash equivalents	807,101	233,918

The carrying value of cash and cash equivalents approximates their fair value.

6. Property, plant and equipment

	31 December 2020 \$	31 December 2019 \$
<u>Land at valuation</u>		
Carrying amount at 1 July	3,500,000	3,120,000
Additions	-	-
Revaluation	-	-
Carrying amount at 31 December	3,500,000	3,120,000
<u>Furniture, fittings and equipment</u>		
Cost at 30 June previous year	3,340,193	3,016,940
Accumulated depreciation	(1,611,960)	(960,741)
Net book value previous year	1,728,233	2,056,199
Carrying amount at 1 July	1,728,233	2,056,199
Additions	-	-
Transfers	-	-
Depreciation	(332,109)	(285,744)
Carrying amount at 31 December	1,396,125	1,770,455
<u>Buildings at valuation</u>		
Cost at 30 June previous year	11,528,265	15,483,060
Accumulated depreciation	(2,036,085)	(1,895,588)
Net book value previous year	9,492,180	13,587,472
Carrying amount at 1 July	9,492,180	13,587,472
Additions	-	1,023,733
Transfers	-	-
Disposals	-	-
Depreciation	(124,137)	(155,505)
Revaluation	-	-
Carrying amount at 31 December	9,368,042	14,455,700
<u>Office equipment</u>		
Cost at 30 June previous year	16,430	16,430
Accumulated depreciation	(16,430)	(16,430)
Net book value previous year	-	-

Notes to the Financial Statements

	31 December 2020 \$	31 December 2019 \$	
Carrying amount at 1 July	-	-	
Additions	-	-	
Disposals	-	-	
Depreciation	-	-	
Carrying amount at 31 December	-	-	
Work in progress			
Cost at 30 June previous year	2,617,457	-	
Accumulated depreciation	-	-	
Net book value previous year	2,617,457	-	
Carrying amount at 1 July	2,617,457	-	
Additions	807,971	-	
Transfers	-	-	
Disposals	-	-	
Depreciation	-	-	
Revaluation	-	-	
Carrying amount at 31 December	3,425,428	-	
Total property, plant and equipment	17,689,595	19,346,155	
As at 31 December 2020	Cost	Accumulated	Carrying
	or Valuation	Depreciation	Amount
Land at valuation	3,500,000	-	3,500,000
Furniture, fittings and equipment at cost	3,340,193	1,944,068	1,396,125
Buildings at valuation	11,528,265	2,160,223	9,368,042
Office equipment at cost	16,430	16,430	-
Work in progress at cost	3,425,428	-	3,425,428
Total property, plant and equipment	21,810,316	4,120,721	17,689,595

Valuation

TSB Bank holds a restriction over the title of the Trust's property by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. No plant and equipment is pledged as security for liabilities. The land and buildings were valued, as at 30 June 2020, by Mike Drew, registered valuer, TelferYoung (Taranaki) Limited. Land and buildings were adjusted in the financial statements, for the year ending 30 June 2020, to reflect this revaluation. The valuation was performed by TelferYoung (Taranaki) Limited. TelferYoung (Taranaki) Limited are a registered experienced valuer with extensive market knowledge in the types of land and buildings owned by the Taranaki Stadium Trust. The land is valued using market based sales evidence. The land's fair value at 30 June 2020 was \$3,200,000 and gain on revaluation of \$380,000 was recognised in the asset revaluation reserve.

Buildings are valued based on the depreciated replacement cost approach using assumptions the valuer believed to be fair and reasonable at the date of valuation. Due to both the East and West stands being compromised in terms of earthquake strength the valuers have considered the impairment of the stadium assets. Due to the East Stand not being able to be used at all and the cost to earthquake strengthen the building being similar to the unimpaired fair value, there is no value allocated to these improvements. As parts of the West Stand are still useable the majority of its components have been valued at 20% of its unimpaired fair value. The total fair value of the buildings at 30 June 2020 was \$9,492,180. Loss on revaluation of the buildings of \$1,890,148 was recognised in surplus or deficit.

Background

During the 2017/2018 year, detailed seismic assessments were completed on the East and West Stands of Yarrow Stadium. The assessments indicated that the East Stand was 10% of new building standard and the West Stand was 20% of new building standard. As such both stands were earthquake prone buildings and were closed from use.

Notes to the Financial Statements

Based upon knowledge as at 30 June 2019, the level of impairment was assessed at 50% for the West Stand (excluding the new hospitality area which was fully operational) and 90% for the East Stand.

The total value of the impairment loss of the East and West Stands that was recognised for the year ended 30 June 2018 was \$15,514,988. \$10,049,235 of the impairment was reversed against previous building revaluations recorded in the asset revaluation reserve, with the remaining balance of \$5,465,753 recognised in surplus or deficit.

The Trust is committed to the repair of the stands and the investigations on the repair options has been completed. The Taranaki Regional Council has approved the repair and refurbishment of Yarrow Stadium. The project will include repairs to the earthquake-prone grandstands and consequential changes. Other important refurbishments include additional food and beverage outlets, toilets, technology upgrades, LED pitch lighting, improvements to the car park and gates, new South Terrace seating and the reinstatement of Field 1.

This work essentially restores what existed, with essential updates. The estimated total cost is \$50 million which will be funded by a \$20m "shovel-ready" grant from the Government and a 25 year loan through Taranaki Regional Council.

Work has commenced on the repair of the West Stand. A significant amount of work has been undertaken on the detailed investigations and design work ahead of going to market to seek contractors to undertake the residual works.

7. Debtors and other receivables

	31 December 2020 \$	31 December 2019 \$
Taranaki Regional Council	-	1,133,532
Total debtors and other receivables	-	1,133,532

8. Creditors and other payables

	31 December 2020 \$	31 December 2019 \$
GST payable	73,753	129,627
Trade payables and accruals	223,313	2,323,630
Total creditors and other payables	297,066	2,453,257

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying values approximate their fair value.

9. Borrowings

	31 December 2020 \$	31 December 2019 \$
TSB Bank Liberty Revolving credit facility	328	4,965,300
Taranaki Regional Council loan	4,000,000	-
Total current liability borrowings	4,000,328	4,965,300

The TSB Bank Liberty Revolving credit facility has a draw down limit of \$5,000,000 and is secured by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. Interest is incurred at a 3.02% variable rate as at 31 December 2020 (2019: 3.77%).

The Taranaki Regional Council loan has a draw down limit of \$35,000,000 and is unsecured. Interest is incurred at a 0.51% variable rate as at 31 December 2020 (2019: nil).

Notes to the Financial Statements

10. Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual \$	Actual \$
	31 December 2020 \$	31 December 2019 \$
Surplus/(deficit)	1,349,498	1,185,314
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation expense	456,246	441,249
Loss on disposal of buildings	-	-
Losses on revaluation of buildings	-	-
Donated plant and equipment	-	-
<i>Add/(less) movements in working capital items</i>		
Creditors and other payables	(67,439)	256,467
Debtors and other receivables	4	(1,133,531)
Goods and Services Taxation	-	96,777
Net cash from operating activities	1,738,309	846,276

11. Related parties

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

The Taranaki Regional Council is deemed to be a related party of Taranaki Stadium Trust. The Trust has a \$4,000,000 loan from the Council as at 31 December 2020. (2019: nil).

The Trust owns Yarrow Stadium, but, the New Plymouth District Council manages and operates the Stadium, in accordance with a Management Agreement, between the two parties. In relation to the six months ending 31 December 2020, no debts between the parties were written off or forgiven, and no transactions took place between the parties at nil or nominal value. The Trust does not have any employees. No Trustee fees were paid during the year.

12. Capital commitments

The Trust has capital commitments of \$9.4m for the repair of the West Stand. There are no further capital commitments as at 31 December 2020 (31 December 2019: \$nil).

13. Contingent liabilities

There are no contingent liabilities at 31 December 2020 (31 December 2019: \$nil).

14. Contingent assets

There are no contingent assets at 31 December 2020 (31 December 2019: \$nil).

15. Events after the balance sheet date

The Trust has no material events subsequent to balance date. (31 December 2019 – The Trust borrowed \$4,000,000 from the Taranaki Regional Council in January 2020. This was the first loan drawdown towards funding the Stadium rebuild.)

Trust Directory

Taranaki Stadium Trust

Nature of business:	Charitable Trust
Trustees:	Elvisa Van Der Leden Michael Nield
Trust Settlement Date:	23 December 1999
Address:	C/- Taranaki Regional Council Private Bag 713 Stratford 47 Cloten Road Stratford
Bankers:	TSB Bank New Plymouth
Solicitors	Till Henderson Stratford
Auditors:	Melissa Youngson Deloitte Limited on behalf of the Auditor-General



Date: 29 March 2021

Subject: **Taranaki Stadium Trust: Statement of Intent for the year ending 30 June 2022**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2720253

Purpose

1. The purpose of this memorandum is to receive and consider the Taranaki Stadium Trust's statement of intent (SOI) for the year ending 30 June 2022 and then to provide feedback to the Trustees.

Recommendations

That the Taranaki Regional Council:

- a) receives and considers the Taranaki Stadium Trust's statement of intent for the year ending 30 June 2022
- b) provides feedback to the Trustees of the Taranaki Stadium Trust.
- c) determines that this decision be recognised as not significant in terms of section 76 of the *Local Government Act 2002*
- d) determines that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act, determines that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

Background

2. On 27 June 2013, the Council took over control of the Taranaki Stadium Trust (formerly the Yarrow Stadium Trust) from the New Plymouth District Council. The Taranaki Stadium Trust (the Trust) is a council-controlled organisation (CCO) of the Council.
3. CCO's are required to prepare a statement of intent and forward it to the Council by 1 March of each year. Council's then consider the draft and provide feedback to the CCO. CCO's are required to furnish a completed statement of intent by 30 June of each year.

Issues

4. The issue being addressed is to give guidance to the Taranaki Stadium Trust for its operations for the next three years.

Discussion

5. The *Local Government Act 2002* sets out the requirements for a statement of intent. The attached statement complies with the requirements of the Act.
6. The draft statement of intent reflects the partnership arrangements between the Council, the New Plymouth District Council and the Trust. That partnership involves the New Plymouth District Council funding and operating Yarrow Stadium on behalf of the Trust through a management agreement. The Council funds, through the Trust, an agreed programme of maintenance and long-term development of Yarrow Stadium. The Trust holds and owns the Yarrow Stadium assets.
7. The draft statement of intent includes a three-year budget. The draft statement of intent and three-year budget is based upon the Taranaki Regional Council *2019/2020 Annual Plan* decisions, as reviewed and amended in August 2020, to undertake a redevelopment project for Yarrow Stadium at a budget of up to \$50m.
8. The draft statement of intent is now open for consideration by the Council. This is the Council's opportunity to provide feedback to the Trustees.

Options

9. The Council can either:
 - accept the Statement of Intent; or
 - provide guidance to the Trust and Trustees about amendments that the Council would like

Significance

10. In terms of the *Significance and Engagement Policy*, this item is not considered significant.

Financial considerations—LTP/Annual Plan

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

Policy considerations

12. 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 *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

13. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making

processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

14. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

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

Appendices/Attachments

Document 2720251: TST Statement of Intent to 30 June 2022 Covering Letter

Document 2715101: TST Statement of Intent to 30 June 2022

Document 2715743: TST Statement of Intent to 30 June 2022 Estimates



26 February 2021
Document: 2715115

C/- Taranaki Regional Council
47 Cloten Road
Private Bag 713
Stratford 4352
P: 06 765 7127
E: info@trc.govt.nz

Steve Ruru
Chief Executive
Taranaki Regional Council
Private Bag 713
Stratford 4352

Dear Steve

Statement of Intent to 30 June 2022

The Trustees are pleased to present the Statement of Intent (SOI) for the year ending 30 June 2022.

The SOI reflects the decisions that the Council made in relation the redevelopment project for Yarrow Stadium.

We look forward to receiving the Council's feedback.

Yours faithfully

A handwritten signature in blue ink, appearing to read "MJ Nield".

M J Nield
Trustee

TARANAKI STADIUM TRUST STATEMENT OF INTENT FOR THE YEAR TO 30 JUNE 2022

Document: 2715101

The Taranaki Stadium Trust (the Trust) is a charitable trust, incorporated in New Zealand, under the *Charitable Trusts Act 1957*. The Trust is a council-controlled organisation, as defined by section 6 of the *Local Government Act 2002*, of the Taranaki Regional Council. The Trust owns Yarrow Stadium (the Stadium) land, building and facilities. The operation of the stadium is carried out by the New Plymouth District Council (the Council) in accordance with a Management Agreement between the two parties.

Objectives

The fundamental objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of the Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council to advance this purpose.

The Trust was formed to take over the former Rugby Park and redevelop it into a quality venue for the benefit of the wider Taranaki region. The provision of the stadium facilities contributes to the overall infrastructure of the region and provides economic stimulus from events held at the stadium, particularly sporting events that encourage safe and healthy living.

Vision

The vision for Yarrow Stadium is:

- The best regional stadium in New Zealand that regularly hosts national and international sports and entertainment events.
- A stadium for both major events and community events and the premier outdoor field for team sports codes.
- A stadium that is loved by sports fans and the local community.
- A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior event facilities, presentation and management and through the early adoption and smart use of technology.

Governance

The Trust is managed by Trustees (2) who are appointed by the Taranaki Regional Council in accordance with the Trust Deed.

Nature and Scope of Activities to Be Undertaken

The Taranaki Regional Council, the New Plymouth District Council and the Trust operate the Stadium in a partnership arrangement.

The Taranaki Regional Council provides funding for the long-term maintenance and development of the Stadium.

The New Plymouth District Council provides funding for the ongoing operation of the Stadium. The operation of the Stadium is undertaken by the New Plymouth District Council, in accordance with a Management Agreement with the Trust.

Ratio of Shareholder's Funds to Total Assets

The ratio of equity to total assets is expected to be greater than 20%. The Trust's equity includes:

- Accumulated funds
- Asset revaluation reserves.

The Trust's assets include the Yarrow Stadium building, land, furniture and fittings.

Accounting Policies

The policies will be consistent with:

- The Financial Reporting Act 1993
- New Zealand Generally Accepted Accounting Practice (NZ GAAP)
- PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)

The full accounting policies are attached as Appendix 1.

Performance Targets

The Trust's performance will be judged against the following measures:

1. The presence of a Management Agreement with the New Plymouth District Council for the operation of the Stadium
2. The provision of funding for a programme of agreed maintenance and long-term development of the Stadium. The programme of maintenance and long-term development is to be agreed upon by the Taranaki Regional Council and the New Plymouth District Council. The current focus is on the delivery of the redevelopment project for the stadium.

Distribution Policy

As the Trust is a charitable trust, no distributions are planned.

Information to be Provided

The following information will be made available:

- A draft Statement of Intent (including budget financial information) prior to 1 March of each year.
- A Statement of Intent (including budget financial information) prior to the commencement of each financial year.
- A six monthly report on operations, including a comparison against the Statement of Intent, within two months after the six monthly reporting period.
- An annual report for the year, which will also be made available to the public within two months after the end of each financial year.

Procedures for Share Acquisitions

The Trust will not acquire or subscribe for any share issues.

Activities for which Compensation is Sought

The Taranaki Regional Council will fund the Trust for the maintenance and long-term development of the Stadium and the operation of the Trust. There are currently no other activities for which compensation is sought from the Taranaki Regional Council.

There are currently no activities for which compensation is sought from the New Plymouth District Council. It is noted that under the current Management Agreement, the New Plymouth District Council is responsible for funding the operational costs of the Stadium.

Commercial Value of the Trust's Investment

The commercial value of the Trust's investment is estimated as equal to the Trust's equity. This is based on the following:

- The rationale that the Trust is a going concern;
- The assets are carried at their current net value, as determined by independent valuers on a three yearly revaluation cycle, the next occurring as at 30 June 2020.

This estimate will be re-assessed in the same manner on an annual basis. At 30 June 2020, the equity was recorded at \$12,849,804 (30 June 2019: \$12,109,734).

Other Matters

There are no other matters.

Appendix 1: Statement of Accounting Policies

Reporting entity

The Taranaki Stadium Trust (the Trust) is a charitable trust incorporated in New Zealand under the *Charitable Trusts Act 1957* and is domiciled in New Zealand. The Trust is controlled by the Taranaki Regional Council and is a Council Controlled Organisation as defined under section 6 of the *Local Government Act 2002*, by virtue of the Council's right to appoint the Board of Trustees.

Rather than making a financial return, the primary objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council. The Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Basis of preparation

Measurement base

The financial statements have been prepared on a historical costs basis, modified by the revaluation of certain fixed assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

New and amended accounting standards adopted

There have been no new or amended accounting standards adopted for the year ended 30 June 2020.

Changes in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2020.

Significant accounting policies

The following is a summary of the significant accounting policies, adopted by the Trust, in the preparation of these financial statements.

Goods and services tax

The Trust is registered for Goods and Services Tax (GST). The financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST, recoverable from or payable to the Inland Revenue Department (IRD), is included as part of receivables or payables, in the statement of financial position. The net amount of GST, paid to or received from the IRD, is classified as an operating cash flow, in the statement of cash flows.

Revenue

Council grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met (“use or return condition”). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest revenue is recorded as it is earned during the year.

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings, as a current liability, in the statement of financial position.

Investments

Investments comprise investments in terms deposits with banks. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Debtors and other receivables

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Property, plant and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses with the exception of land and buildings which is recorded at valuation. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Work in progress is recorded at cost. Cost includes expenditure which is directly attributable to the acquisition of an asset. Capital work in progress is not depreciated.

Accounting for revaluations

The Trust elects to apply PBE IPSAS 17 *Property, Plant and Equipment* for the purposes of accounting for revaluations.

When an item of property, plant and equipment is revalued, any accumulated depreciation, at the date of the revaluation, is eliminated against the gross carrying amount of the asset. Then, the net amount is restated, to reflect the revaluation.

If the carrying amount of an item of property, plant and equipment increases, as the result of a revaluation, the increase shall be recognised in the asset revaluation reserve, within other comprehensive income. However, the increase shall be recognised in the surplus or deficit, to the extent that it reverses a revaluation decrease, of the same class of assets, previously recognised in the surplus or deficit.

If the carrying amount of an item of property, plant and equipment decreases, as the result of a revaluation, the decrease shall be recognised in the surplus or deficit. However, the decrease shall be recognised in the asset revaluation reserve, within other comprehensive income, to the extent of any credit balance in the revaluation reserve, in relation to that asset class.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

In accordance with the Trust's Statement of Intent for the year to 30 June 2020, property, plant and equipment is revalued on a three yearly cycle, with the latest occurring as at 30 June 2020.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment will be recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it will be recognised at fair value as at the acquisition date.

Disposals

Gains and losses on disposal are determined by comparing proceeds received, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, amounts included in the asset revaluation reserve, in relation to those assets, will be transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed annually for impairment, with reference to internal and external factors which may indicate the carrying value exceeds depreciated replacement cost. The Trust elects to apply *Impairment of Revalued Assets including Amendments to PBE IPSASs 21 and 26* for the purposes of the impairment recognised in note 6. Any significant impairment is recognised by writing the assets down to their depreciated replacement cost and charging the impairment to the relevant revaluation reserve or to the surplus or deficit, where there is no revaluation reserve. If an asset's carrying value exceeds its recoverable amount, the asset is impaired, and the carrying amount is written down to the recoverable amount. In relation to revalued assets, the impairment loss is recognised against the revaluation reserve, for that asset class. Where that results in a debit balance, in the revaluation reserve, the balance is recognised in the surplus or deficit. In relation to assets that are not revalued, the total impairment is recognised in the surplus or deficit.

Depreciation and amortisation expense

Depreciation is provided on a straight-line basis, at rates that will write-off the cost or valuation of assets, to their estimated residual values, over their useful lives. The rates of depreciation are as follows:

Buildings	1.25% to 6.67% per annum
Furniture, fittings and equipment	6.67% to 25.00% per annum
Office Equipment	15.00% to 30.00% per annum

The residual value and the useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Income tax

The Trust has been granted Charitable Status by the IRD and therefore, is exempt from income tax.

Loans

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year-end that has not yet been paid.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the actual results.

Estimates and assumptions are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the value of assets and liabilities, within the next financial year, are discussed below:

Property, plant and equipment useful lives and residual values:

At each balance date, the Trust reviews the useful lives and residual values of its property, plant and equipment. To assess whether the useful lives and residual values are appropriate, the Trust considers a number of factors, such as, the physical condition of the asset, the expected period of use of the asset, and the expected disposal proceeds, from future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset and will therefore, impact depreciation expense in the statement of comprehensive income, and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this uncertainty through physical inspection of assets.

Going concern

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future. As at 30 June 2020, the Trust's current liabilities exceeded its current assets by \$4,488,066. This is mainly the result of \$155,313 of borrowings from a revolving facility, the \$4,000,000 of borrowings from Taranaki Regional Council and \$129,578 of payables relating to the repair and refurbishment project. The Trust is funded by Taranaki Regional Council to maintain Yarrow Stadium as a community asset.

Taranaki Regional Council has provided a letter of support to ensure that the Trust will continue to be provided financial support to enable it to pay its debts as they fall due. Taranaki Regional Council have also secured the funding that is required to repair the assets and the stadium as outlined in the Taranaki Regional Council 2019/2020 and 2020/2021 Annual Plans.

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. In response, New Zealand has moved through different alert levels with differing levels of restrictions on domestic activity.

The Trust has considered the impact of COVID-19 in respect of its status as a going concern. COVID-19 delayed the implementation of the repair and refurbishment project, thus providing the opportunity for the Taranaki Regional Council to apply for Government “shovel-ready” funding. This application was successful to the tune of \$20m which will reduce the debt cost to the Trust in future years. The Trust was able to continue operating throughout the different pandemic alert levels and COVID-19 has resulted in no impact on liquidity and working capital. There has been no impact on access to capital. The Trust is well positioned to maintain its financial position and to continue operating through this time of business uncertainty.

Taranaki Stadium Trust
Statement of Financial Performance
For the Three Years Ended 30 June 2022, 30 June 2023 and 30 June 2024

	Budget 2022	Budget 2023	Budget 2024
	\$	\$	\$
Income			
Taranaki Regional Council Grant	2,178,669	2,178,669	2,178,669
Crown Infrastructure Partners Funding	8,500,000	5,000,000	5,000,000
Interest received	0	0	0
Total income	<u>10,678,669</u>	<u>7,178,669</u>	<u>7,178,669</u>
Expenditure			
Depreciation and amortisation expense	1,000,000	1,000,000	1,900,000
Major maintenance	20,000	20,000	20,000
Interest	200,000	356,299	471,811
Insurance	150,000	150,000	125,000
Other expenses	15,000	15,300	15,600
Total expenses	<u>1,385,000</u>	<u>1,541,599</u>	<u>2,532,411</u>
Surplus/(deficit) before tax	<u>9,293,669</u>	<u>5,637,070</u>	<u>4,646,258</u>
Income tax expense	0	0	0
Total comprehensive income	<u>9,293,669</u>	<u>5,637,070</u>	<u>4,646,258</u>

Taranaki Stadium Trust
Statement of Changes in Equity
For the Three Years Ended 30 June 2022, 30 June 2023 and 30 June 2024

	Budget 2022	Budget 2023	Budget 2024
	\$	\$	\$
Balance at 1 July	17,155,677	26,449,346	32,086,416
Surplus/(Deficit) for the year	9,293,669	5,637,070	4,646,258
Other comprehensive income	0	0	0
Total comprehensive income	<u>9,293,669</u>	<u>5,637,070</u>	<u>4,646,258</u>
Balance at 30 June	<u>26,449,346</u>	<u>32,086,416</u>	<u>36,732,674</u>

Taranaki Stadium Trust
Statement of Financial Position
For the Three Years Ended 30 June 2022, 30 June 2023 and 30 June 2024

	Budget 2022	Budget 2023	Budget 2024
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	288,807	101,106	23,317
Debtors and other receivables	0	0	0
Total current assets	<u>288,807</u>	<u>101,106</u>	<u>23,317</u>
Non-current assets			
Property, plant and equipment	41,217,870	52,717,870	63,317,870
Total non-current assets	<u>41,217,870</u>	<u>52,717,870</u>	<u>63,317,870</u>
Total assets	<u><u>41,506,677</u></u>	<u><u>52,818,976</u></u>	<u><u>63,341,187</u></u>
Liabilities			
Current liabilities			
Creditors and other payables	80,000	80,000	80,000
Total current liabilities	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Non-current liabilities			
Loan	14,977,331	20,652,560	26,528,513
Total non-current liabilities	<u>14,977,331</u>	<u>20,652,560</u>	<u>26,528,513</u>
Total liabilities	<u><u>15,057,331</u></u>	<u><u>20,732,560</u></u>	<u><u>26,608,513</u></u>
Net assets	<u><u>26,449,346</u></u>	<u><u>32,086,416</u></u>	<u><u>36,732,674</u></u>
Equity			
Accumulated funds	25,099,346	30,736,416	35,382,674
Asset Revaluation Reserve	1,350,000	1,350,000	1,350,000
Total equity attributable to the trust	<u><u>26,449,346</u></u>	<u><u>32,086,416</u></u>	<u><u>36,732,674</u></u>

Taranaki Stadium Trust
Statement of Cash Flows
For the Three Years Ended 30 June 2022, 30 June 2023 and 30 June 2024

	Budget 2022	Budget 2023	Budget 2024
	\$	\$	\$
Cash flows from operating activities			
Receipts from other revenue	10,678,669	7,178,669	7,178,669
Interest received	0	0	0
Payments to suppliers	(185,000)	(185,300)	(160,600)
Interest paid on the overdraft and bank fees	0	0	0
Goods and services tax (net)	0	0	0
Net cash from operating activities	<u>10,493,669</u>	<u>6,993,369</u>	<u>7,018,069</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(19,800,000)	(12,500,000)	(12,500,000)
Net cash from investing activities	<u>(19,800,000)</u>	<u>(12,500,000)</u>	<u>(12,500,000)</u>
Cash flows from financing activities			
Loans raised	11,880,000	7,500,000	7,500,000
Interest paid	(200,000)	(356,299)	(471,811)
Repayment of borrowings	(2,102,669)	(1,824,771)	(1,624,047)
Net cash from financing activities	<u>9,577,331</u>	<u>5,318,930</u>	<u>5,404,142</u>
Net (decrease)/Increase in cash, cash equivalents and bank overdrafts	271,000	(187,701)	(77,789)
Cash, cash equivalents and bank overdrafts at the beginning of the year	17,807	288,807	101,106
Cash, cash equivalents and bank overdrafts at the end of the year	<u>288,807</u>	<u>101,106</u>	<u>23,317</u>



Date: 29 March 2021

Subject: **Port Taranaki Ltd: Half Year Report to 31 December 2020**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2722520

Purpose

1. The purpose of this memorandum is to receive and consider Port Taranaki Limited's report on the operations and activities of the company for the six months ending 31 December 2020.

Recommendations

That the Taranaki Regional Council:

- a) receives Port Taranaki Limited's report for the six months ended 31 December 2020 including the unaudited financial report
- b) notes the 2020/2021 Port Taranaki Ltd dividends of \$3,500,000 in October 2020, \$2,500,000 in November 2020 and \$2,000,000 in February 2021.

Background

2. The Council is the 100% owner of Port Taranaki Ltd. The *Port Companies Act 1988* and Port Taranaki Limited's statement of corporate intent require a six-month set of financial statements (unaudited) to be prepared and presented to the shareholder (Taranaki Regional Council).

Discussion

3. Attached are the half-year report and financial statements for the six months ended 31 December 2020. The financial statements contained in the report are unaudited.
4. Operationally and financially, this has been a mixed six months for Port Taranaki Ltd (PTL). Trade was down on the same time last year but revenue and profits are up. Looking forward, there are challenges ahead, which could affect the full year outturn. Dividends are in line with the *2020/2021 Annual Plan* and PTL's Statement of Intent.
5. Total trade throughput for the six-month period was 2.68 million freight tonnes, a decrease of 2% on the same period last year. Bulk liquid trade was down 16% (311,000

tonnes) on the prior year primarily on reduced methanol volumes (down 255,000 tonnes) which were constrained by gas availability.

6. Non-bulk liquid trades performed strongly, with non-bulk liquid trade at 1.03 million freight tonnes (38% of total trade) up on the prior year's non-bulk liquid trade volume of 775,000 tonnes. The log trade had its strongest first half year on record.
7. Revenue from was similar to that seen in the first half of the 2020 financial year, with PTL continuing to support the offshore oil production and exploration sector.
8. Project planning is underway on several initiatives to enhance systems and processes around the company's Newton King Tanker Terminal and these will result in increased capital expenditure.
9. Total revenue for the period was \$25.85 million. This was \$830,000 higher than the same period last year. The increase in revenue against the prior period was driven by the change in trade mix. Non-bulk liquid trade comprised 38% of total trade compared to 28% in the prior half year.
10. Total operating expenditure for the first half of the year was \$17.77 million compared to \$16.62 million in the prior corresponding period. Higher repairs and maintenance costs (up 16%) drove higher operating costs with work continuing on the company's asbestos management programme.
11. EBITDA for the six months was \$11.78 million, below the \$11.96 million recorded last year. The underperformance (down 1.5%) against the prior year was driven by 7% greater expenditure, which was not offset by the 3% increase in revenue.
12. The unaudited after-tax profit of \$5.46 million was 3% higher than that recorded in the six months to 31 December 2019. The increase in NPAT on the prior half-year was on the back of increased revenue and significantly lower net finance costs that more than offset the increased expenditure.
13. Trading in the second six-month period is forecast to be lower than that recorded in the first half. This is normal given the company's product mix. However, Methanex's decision to mothball its Waitara Valley plant will compound the seasonal impact.
14. Annual trade to 30 June 2021 is projected to be just above 5 million freight tonnes. This is lower than the 5.46 million freight tonnes recorded in the 2020 financial year.
15. Revenue is forecast to be in the range of \$48.0 to \$49.0 million. Second half expenditure is forecast to be significantly higher than the level seen in the first half year. This is due to a significant increase in repairs and maintenance expenditure given asbestos removal.
16. This results in a forecast EBITDA of \$16.5 to \$18.0 million and a forecast NPAT of \$6.0 to \$6.7 million
17. A final dividend of \$3.5 million in respect of the 2020 financial year was paid in September 2020 and additionally, in December 2020, a special dividend of \$2.5 million was paid. An interim dividend of \$2 million has been approved for the 2021 financial year. This is in line with the \$8m total dividend budget set in the *2020/2021 Annual Plan* and PTL's Statement of Intent.

Financial considerations—LTP/Annual Plan

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

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

Policy considerations

19. 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 *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

20. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

21. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

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

Appendices/Attachments

Document 2718546: Port Taranaki Ltd Half-Year Report to 31 December 2020



17 February 2021

Mr Steve Ruru
Chief Executive
Taranaki Regional Council
Private Bag 713
Stratford 4352

Taranaki Regional Council
Document No:

22 FEB 2021

Document No of Reply:

Dear Steve

Port Taranaki Limited Half Year Report

In accordance with the Port Companies Act 1988, please find enclosed a copy of Port Taranaki Limited's ("PTL") Interim Report for the six months ended 31 December 2020.

PTL's Interim Report contains:

- Details on the operations of PTL during the first half of the 2021 financial year.
- The unaudited financial statements for the six months ending 31 December 2020 (prepared in accordance with generally accepted accounting practice).

If you, your Councillors or your staff would like to discuss anything in respect of the interim report please contact us.



Guy Roper
Chief Executive



Report to Shareholder
Half-Year Ended 31 December 2020

PORT TARANAKI LIMITED

Report to the Shareholder

Half-Year Ended 31 December 2020

The Directors of Port Taranaki Limited (PTL) have pleasure in presenting this interim report on the operations and activities of the company for the six months ending 31 December 2020. This financial report has been prepared in compliance with International Financial Reporting Standards (IFRS).

Health, Safety and the Environment

During the half year PTL maintained its response to COVID-19 and this response continues to evolve. The team regularly reviews procedure and protocols as new, more contagious strains of the virus become known and with changes to the related Border Order, COVID-19 Public Health Response (Required Testing) Order 2020.

During the second half of 2020, a cross-functional Port Event Review Team was established to give additional oversight and to provide a collaborative review of Health and Safety related events within the Port area. This team reviews and monitors the inputs into our Risk Management tool to aid continually improving performance.

During the period, significant work was advanced on PTL's Health and Safety Management System with a particular focus on the links to the Newton King Tanker Terminal. During November and December 2020, a cross functional Hazard Identification (HAZID) process was carried out with the terminal users.

Significant additional focus and capital has been applied to ensuring environmental compliance. Log storage activity and controlling stormwater discharge continues both from infrastructure and operating controls. Port wide awareness continues to lift, and a programme of audit has been implemented to ensure all tenants on port understand and comply with appropriate standards. Consent renewals are in progress or complete, stormwater discharge and dredging respectively. Asbestos work is underway having been brought forward to further reduce hazardous parts of the port operation.

Cargo and Service Trends

Total trade throughput for the six-month period was 2.68 million freight tonnes, a decrease of 2% on the same period last year. Bulk liquid trade was down 16% (311,000 tonnes) on the prior year primarily on reduced methanol volumes (down 255,000 tonnes) which were constrained by gas availability.

Non-bulk liquid trades performed strongly, with non-bulk liquid trade at 1.03 million freight tonnes (38% of total trade) up on the prior year's non-bulk liquid trade volume of 775,000 tonnes. The log trade had its strongest first half year on record.

Revenue from PTL's sector was similar to that seen in the first half of the 2020 financial year, with PTL continuing to support the offshore oil production and exploration sector.

Investment Activities

After a period of significant capital investment to protect and grow trade, capital expenditure in the six months to December 2020 (at \$919 thousand) was significantly below the levels seen in the three prior corresponding periods.

Project planning is underway on several initiatives to enhance systems and processes around the company's Newton King Tanker Terminal and these will result in increased capital expenditure.

Financial Performance

Total revenue for the period was \$25.85 million. This was \$830 thousand higher than the same period last year. The increase in revenue against the prior period was driven by the change in PTL's trade mix. As noted above, non-bulk liquid trade comprised 38% of total trade compared to 28% in the prior half year.

Total operating expenditure for the first half of the year was \$17.77 million compared to \$16.62 million in the prior corresponding period. Higher operating costs were driven by higher repairs and maintenance costs (up 16%) with work continuing on the company's asbestos management programme.

EBITDA for the six months was \$11.78 million, below the \$11.96 million recorded in 1H20. The underperformance (down 1.5%) against the prior year was driven by 7% greater expenditure which was not offset by the 3% increase in revenue.

The unaudited after-tax profit of \$5.46 million was 3% higher than that recorded in the six months to 31 December 2019. PTL's key financial metrics across the last three half years is shown in Figure 1.

The increase in NPAT on the prior half-year was on the back of increased revenue and significantly lower net finance costs that more than offset the increased 1H21 expenditure.

Outlook

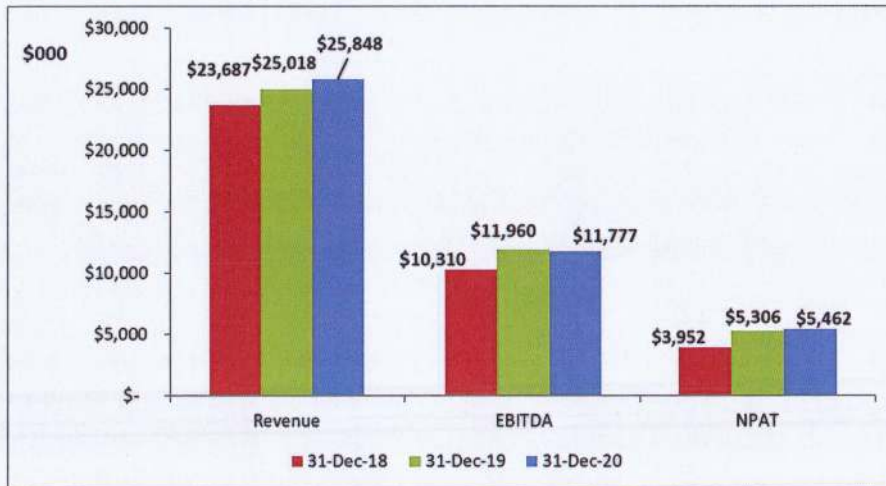
Trading in the second six-month period is forecast to be lower than that recorded in the first half. This is normal given the company's product mix. However, Methanex's decision to mothball its Waitara Valley plant will compound the seasonal impact.

Annual trade to 30 June 2021 is projected to be just above 5 million freight tonnes. This is lower than the 5.46 million freight tonnes recorded in the 2020 financial year.

Revenue is forecast to be in the range of \$48.0 to \$49.0 million. Second half expenditure is forecast to be significantly higher than the level seen in the first half year. This is due to a significant increase in repairs and maintenance expenditure, given asbestos removal.

This results in a forecast EBITDA of \$16.5 to \$18.0 million and a forecast NPAT of \$6.0 to \$6.7 million.

Figure 1: PTL's Key Financial Metrics



Dividend

A final dividend of \$3.50 million in respect of the 2020 financial year was paid to the Shareholder in September 2019 and additionally, in December 2019, a special dividend of \$2.50 million was paid. An interim dividend of \$2.00 million has been approved for the 2021 financial year.

Richard Krogh
Chair

Guy Roper
Chief Executive

FINANCIAL STATEMENTS

For the six months ended 31 December 2020

Basis of Preparation

Port Taranaki Limited (PTL, referred to as: the Port or, the Company) is a sea port company incorporated under the Companies Act 1993.

The Company's parent and sole shareholder is the Taranaki Regional Council (TRC) and was, at all times, during the period.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 2-8 Bayly Road, Moturoa, New Plymouth 4310.

PTL's financial statements are prepared:

- In accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as applicable to for-profit entities, for the purposes of complying with NZ GAAP. These statements comply with IFRS. PTL is a for-profit entity for the purpose of complying with NZ GAAP.
- In accordance with the requirements of the Port Companies Act 1988 and the Financial Reporting Act 2013.
- On the basis that the Company is a going concern.
- On a historical cost basis, except for land, and derivatives held at fair value. All accounting policies have been applied consistently across periods.

Nature of the Port's Operations

PTL is the only deep water port on the west coast of New Zealand and services bulk liquids (serving the nation's oil and gas industry), dry bulk (logs, fertiliser, stock feed and cement) and general cargo. Commercial activities include the provision of: (i) vessel and cargo/logistics handling services and offshore support; and (ii) property and storage services. These are considered under two integrated performance obligations: (i) port operational revenue; and (ii) property revenue. All activities are undertaken with full regard to health, safety, and protection of the environment.

Businesses face many challenges getting their products to market – at PTL we provide a safe harbour, services, and storage facilities that make trade easy for customers and help Taranaki prosper. The Company's vision is to be "The Pride of Taranaki". This vision reflects a successful and sustainable business that the region and community are proud of and describes the Company's desire to develop community connections, create strong relationships with Iwi and signals a commitment to protecting and enhancing the environment in which the Company operates.

PTL will excel at its core activities and actively build on those to grow its business. PTL will deliver on its vision and mission by:

- Proactively delivering customer services that meets customers expectations;
- Optimising the use of its assets and capability base;
- Investing in people who are positive communicators, excellent problem solvers and make good decisions; and
- Investing in systems to achieve resilient performance and ensure everyone returns safely home every day.

Relevancy

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding changes in the Port's financial position or performance. Information is considered relevant and material if:

- The amount is significant because of its size and nature;
- It is important for understanding the results of the Port;
- It helps to explain changes in the Port's business; or
- It relates to an aspect of the Port's operations that is important to future performance.

These Financial Statements

These financial statements are presented in a style that makes them less complex and more relevant to customers, owners, and other stakeholders. We have grouped the financial statements into the following sections: 'Financial statements'; 'Our performance'; 'Our assets'; and 'Our funding'. The intent is to provide readers with a clearer understanding of what drives the financial performance and financial position of the Port.

The financial statements are presented in thousands of New Zealand dollars (NZD), which is the Company's functional currency, unless otherwise stated.

COVID-19

COVID-19 continues to impact economies including New Zealand and as a result, the business and economic environment continues to be uncertain. The services provided by the Company are considered essential and PTL is, able to trade through all Alert Levels. In addition, most trades serviced by PTL (the exception being the log trade) have been deemed essential services. This has limited, and will continue to limit, the impact of the Government's response to COVID-19 on PTL.

The Company has assessed that COVID-19 has not significantly impacted it over the last six months. It is acknowledged that there is significant uncertainty in how COVID-19 will impact the New Zealand economy and PTL in the future. This assessment is effective as at 16 February 2021 and has made use of available information at that time.

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Statement of cash flows	4
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Section C: Our funding	7

FINANCIAL STATEMENTS

For the six months ended 31 December 2020

Statement of comprehensive income (unaudited)

12 months ended 30 June 2020 \$'000		Note	For the six months ended 31 December	
			2020 \$'000	2019 \$'000
51,787	Revenue & other income	A2	25,848	25,018
14,715	Employee benefits and related expenses	A3	7,269	6,964
12,018	Other expenses	A3	6,802	6,094
7,346	Depreciation, amortisation, and maintenance dredging	A4	3,692	3,633
224	Impairment of assets	A4	-	-
(56)	Net (gain) / loss on property, plant and equipment	A4	4	(74)
1,956	Net finance expense		495	1,032
36,203	Total expenses		18,262	17,649
15,584	Profit before tax		7,586	7,369
3,341	Income tax expense		2,124	2,063
12,243	Profit for the period (attributable to owners)		5,462	5,306
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
-	Revaluation of property, plant and equipment (net of tax)		-	-
798	Change in cash flow hedge reserve (net of tax)		18	331
798	Total other comprehensive income		18	331
13,041	Total comprehensive income for the period (attributable to owners)		5,480	5,637

FINANCIAL STATEMENTS

As at 31 December 2020

Statement of financial position (unaudited)

Full Year as at 30 June 2020 \$'000		Note	As at 31 December	
			2020 \$'000	2019 \$'000
757	Cash and cash equivalents		337	1,977
6,849	Trade and other receivables		5,462	5,266
672	Inventories		628	595
8,278	Total current assets		6,427	7,838
188,559	Property, plant and equipment	B1	185,891	190,216
753	Right of use assets		719	636
593	Intangible assets		520	290
189,905	Total non-current assets		187,130	191,142
198,183	Total assets		193,557	198,980
4,290	Trade and other payables		5,376	4,892
1,340	Employee benefit provisions		1,365	1,202
54	Lease liability		56	37
18	Borrowings	C5	75	43,321
-	Derivative financial instruments		-	406
2,828	Taxation payable		1,153	571
8,530	Total current liabilities		8,025	50,429
39,065	Borrowings	C5	35,506	-
809	Employee benefit provisions		809	753
732	Lease liability		704	599
-	Derivative financial instruments		(14)	-
208	Deferred tax liability		208	1,264
40,814	Total non-current liabilities		37,213	2,616
49,344	Total liabilities		45,238	53,045
26,000	Issued capital	C2	26,000	26,000
62,315	Reserves	C4	62,333	61,848
60,524	Retained earnings		59,986	58,087
148,839	Shareholders equity		148,319	145,935
198,183	Total equity and liabilities		193,557	198,980

FINANCIAL STATEMENTS

For the six months ended 31 December 2020

Statement of changes in equity (unaudited)

	Note	Issued Capital \$'000	Retained Earnings \$'000	Revaluation Reserve \$'000	Cash Flow Hedge Reserve \$'000	Total Equity \$'000
As at 1 July 2019		26,000	56,281	62,315	(798)	143,798
Changes in Equity for six months to 31 December 2018		-	-	-	-	-
Comprehensive income		-	5,306	-	-	5,306
Other comprehensive income		-	-	-	331	331
Dividends	C3	-	(3,500)	-	-	(3,500)
As at 31 December 2019		26,000	58,087	62,315	(467)	145,935
Changes in Equity for six months to 30 June 2019		-	-	-	-	-
Comprehensive income		-	6,937	-	-	6,937
Other comprehensive income		-	-	-	467	467
Dividends	C3	-	(4,500)	-	-	(4,500)
As at 30 June 2020		26,000	60,524	62,315	-	148,839
Changes in Equity for six months to 31 December 2019		-	-	-	-	-
Comprehensive income		-	5,462	-	-	5,462
Other comprehensive income		-	-	-	18	18
Dividends	C3	-	(6,000)	-	-	(6,000)
As at 31 December 2020		26,000	59,986	62,315	18	148,319

FINANCIAL STATEMENTS

For the six months ended 31 December 2020

Statement of cash flows (unaudited)

12 months ended 30 June 2020 \$'000		For the six months ended 31 December	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
59,216	Receipts from customers	30,138	28,958
13	Interest received	-	12
(33,564)	Payments to suppliers and employees	(15,819)	(15,636)
(2,011)	Interest paid	(442)	(1,058)
(2,670)	Income tax paid	(3,800)	(2,670)
20,984	Net cash flows from operating activities	10,078	9,606
Cash flows from investing activities			
97	Sale of property, plant and equipment (net of disposal costs)	(2)	75
(5,686)	Purchase of property, plant and equipment, and software	(896)	(1,886)
(85)	Capitalised interest on purchase of property, plant and equipment and software	(23)	(40)
(5,674)	Net cash flows from investing activities	(921)	(1,851)
Cash flows from financing activities			
12,440	Proceeds from borrowings	12,650	5,335
(19,380)	Repayment of borrowings	(16,200)	(8,050)
(8,000)	Dividends	(6,000)	(3,500)
(69)	Lease payments	(27)	(19)
(15,009)	Net cash flows from financing activities	(9,577)	(6,234)
301	Net increase/(decrease) in cash and cash equivalents	(420)	1,521
456	Cash and cash equivalents at the beginning of the period	757	456
757	Cash and cash equivalents at the end of the period	337	1,977

A. OUR PERFORMANCE

In this section

This section explains the financial performance of PTL by displaying additional information about individual items from the statement of comprehensive income.

A1 Revenue Drivers (units)			
	12 months ended 30 June 2020	Six months ended 31 December 2020	Six months ended 31 December 2019
	5,464	2,675	2,734
Trade tonnes (thousands of tonnes)			
	273	129	138
Trade vessel visits (number)			
A2 Revenue			
	12 months ended 30 June 2020	Six months ended 31 December 2020	Six months ended 31 December 2019
	43,886	21,704	21,118
Port operational revenue			
	6,780	3,630	3,305
Property revenue			
	1,121	514	595
Other income			
51,787	51,787	25,848	25,018
Total operational revenue and other income			
A3 Expenses			
	12 months ended 30 June 2020	Six months ended 31 December 2020	Six months ended 31 December 2019
	13,860	6,830	6,542
Employee expenses			
	526	278	255
Defined contribution plan			
	329	161	167
Director fees			
	79	-	-
Audit fees			
	36	9	8
Foreign exchange			
	7,620	4,126	3,795
General expenses			
	4,283	2,667	2,291
Repairs and maintenance			
26,733	26,733	14,071	13,058
Total operational expenses			
	25,054	11,777	11,960
EBITDAF			
A4 EBITDAF Reconciliation			
	12 months ended 30 June 2020	Six months ended 31 December 2020	Six months ended 31 December 2019
	25,054	11,777	11,960
EBITDAF			
	1,165	599	599
Maintenance dredging			
	5,934	2,995	2,915
Depreciation			
	247	98	119
Amortisation			
	224	-	-
Impairment			
	(56)	4	(74)
(Gain) / loss on the sale of assets			
	(13)	-	(12)
Interest revenue			
	1,969	495	1,044
Interest expense			
15,584	15,584	7,586	7,369
Net profit before tax			
	3,341	2,124	2,063
Income tax			
12,243	12,243	5,462	5,306
Net profit after tax			

EBITDAF definition

EBITDAF is earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges, impairments, and gain/loss on assets. EBITDAF is a non-GAAP profit measure that provides a consistent measure of PTL's operating performance and is closely monitored by Management and the Board.

EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

B. OUR ASSETS

In this section

This section explains the capital assets that PTL uses in its business to generate trading performance.

B1 Property, Plant & Equipment

	Land	Wharves & breakwaters	Buildings	Port services and equipment	Dredging	Capital works in progress	Total
Cost							
Balance at 1 July 2019	92,336	29,981	32,778	95,931	24,959	4,696	280,681
Additions	-	11	5	1,077	-	1,894	2,987
Disposals	-	-	-	(691)	-	-	(691)
Revaluation	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Reclassifications / transfers	-	-	(142)	142	-	-	-
Capitalisation	-	-	-	-	-	(1,092)	(1,092)
Balance at 31 December 2019	92,336	29,992	32,641	96,459	24,959	5,498	281,885
Additions	-	326	132	4,031	-	2,539	7,028
Disposals	-	-	(113)	(335)	-	-	(448)
Revaluation	-	-	-	-	-	-	-
Impairment	-	-	-	(224)	-	-	(224)
Reclassifications / transfers	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	(4,919)	(4,919)
Balance at 30 June 2020	92,336	30,318	32,660	99,931	24,959	3,118	283,322
Additions	-	-	-	50	-	887	937
Disposals	-	-	-	(19)	-	-	(19)
Revaluation	-	-	-	-	-	-	-
Reclassifications / transfers	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	(73)	(73)
Balance at 31 December 2020	92,336	30,318	32,660	99,962	24,959	3,932	284,167
Accumulated depreciation							
Balance at 1 July 2019	-	(18,652)	(14,441)	(50,819)	(4,985)	-	(88,897)
Depreciation reversal from disposals	-	-	-	689	-	-	689
Depreciation charge	-	(242)	(532)	(2,122)	(565)	-	(3,461)
Balance at 31 December 2019	-	(18,894)	(14,973)	(52,252)	(5,550)	-	(91,669)
Depreciation reversal from disposals	-	-	89	317	-	-	406
Depreciation charge	-	(242)	(527)	(2,163)	(568)	-	(3,500)
Balance at 30 June 2020	-	(19,136)	(15,411)	(54,098)	(6,118)	-	(94,763)
Depreciation reversal from disposals	-	-	-	14	-	-	14
Depreciation charge	-	(242)	(529)	(2,190)	(566)	-	(3,527)
Balance at 31 December 2020	-	(19,378)	(15,940)	(56,274)	(6,684)	-	(98,276)
Carrying value							
Balance at 31 December 2019	92,336	11,098	17,668	44,207	19,409	5,498	190,216
Balance at 30 June 2020	92,336	11,182	17,249	45,833	18,841	3,118	188,559
Balance at 31 December 2020	92,336	10,940	16,720	43,688	18,275	3,932	185,891

B2 Intangible Assets

	Software
Cost	
Balance at 1 July 2019	4,219
Additions	-
Disposals	-
Balance at 31 December 2019	4,219
Additions	431
Disposals	-
Balance at 30 June 2020	4,650
Additions	25
Disposals	-
Balance at 31 December 2020	4,675
Accumulated depreciation	
Balance at 1 July 2019	(3,810)
Depreciation reversal from disposals	-
Depreciation charge	(119)
Balance at 31 December 2019	(3,929)
Depreciation reversal from disposals	-
Depreciation charge	(128)
Balance at 30 June 2020	(4,057)
Depreciation reversal from disposals	-
Depreciation charge	(98)
Balance at 31 December 2020	(4,155)
Carrying value	
Balance at 31 December 2019	290
Balance at 30 June 2020	593
Balance at 31 December 2020	520

B3 Commitments

	Six months ended 31 December 2020	Six months ended 31 December 2019
12 months ended 30 June 2020	8,483	9,143
Capital commitments		

Estimated capital expenditure contracted for at balance date but not provided for includes: Maintenance dredging and a number of smaller capital projects.

B4 Capitalised Interest

	Six months ended 31 December 2020	Six months ended 31 December 2019
12 months ended 30 June 2020	85	40
Capitalised borrowing costs	4.77%	4.68%
Average capitalisation rate	2.65%	

Borrowing costs incurred during construction / assembly of major capital projects are capitalised as part of the initial cost of the respective assets.



Date: 29 March 2021

Subject: **Technology Requirements for External Representatives on Committees**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 2732993

Purpose

1. The purpose of this memorandum is to consider extending the technology solutions provided to councillors to external representatives on committees.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum to consider extending technology solutions provided to councillors to external representatives on committees
- b) agrees to extend the technology solutions provided to councillors to external representatives on committees on the same terms that technology is provided to councillors
- c) determines that this decision be recognised as not significant in terms of section 76 of the *Local Government Act 2002*
- d) determines that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act, determines that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

Background

2. In June 2020, the Council considered a paper on the principles of the Te Tiriti o Waitangi with particular reference to a request from iwi representatives to extend the provision of technology solutions to external representatives on committees. The Council resolved:

That the Taranaki Regional Council:

- a) *receives the memorandum Principles of the Treaty of Waitangi;*

- b) *notes that the Council continues to meet its statutory obligations regarding the principles of the Treaty of Waitangi; and*
 - c) *notes that the Council is not obligated nor is it required to supply iPads to iwi representatives under the principles of the Treaty of Waitangi.*
3. The technology solutions provided to councillors were not extended to external representatives on committees.

Issues

4. The issue being considered is extending the technology solutions provided to councillors to external representatives on committees.

Discussion

5. There are two main groups of external representatives on committees, namely district council representatives and iwi representatives. District council representatives have technology solutions provided by their home council. Iwi representatives represent a waka rather than a particular iwi or iwi organisation. Not all iwi representatives have technology provided by an “employing organisation”. Consequently, this discussion will focus on iwi representatives rather than district council representatives although the decision being made will apply to all external representatives.
6. Since the Council initially considered this matter, there has been a significant change in the legislative and policy environment within which Council operates. In particular, recent changes have seen greater efforts to recognise and include Māori perspectives in decision-making as well as everyday activities.
7. The Government is keen to advance the trend. The Essential Freshwater reform includes requirements for greater Māori involvement. The Council must ‘consider and recognise’ Te Mana o te Wai in freshwater management, and identify and reflect tangata whenua values and interests in freshwater management and planning.
8. A post-election priority for the Government is a complete overhaul of resource and environmental legislation, with new statutes to replace the RMA. This is expected to further strengthen Māori involvement in the process.
9. All of these changes are increasing the demands being placed on our iwi representatives. Agendas are a major component of this increasing workload and associated complexity. Having the right technology tools to undertake the representative role is becoming increasingly important. Recognising this changing environment, the Council has recently completed and updated the remuneration policies for external representatives. This issue is similar in nature to the remuneration review and decision.
10. External representatives currently receive agendas by email. This can cause delivery issues when there are large attachments to emails. Some email providers restrict the size of email attachments. Similarly, the automatic updating of agendas for changes can be problematic if email is used rather than Diligent.
11. Councillors have a choice of using their own hardware or the Council will provide a laptop or tablet. A Diligent licence is provided to all councillors. Diligent is the software to allow councillors to receive, review and manage agendas. Council-provided hardware remains the property of the Council and at the end of a term, if a councillor is not re-elected, the hardware is returned. Similarly, if a councillor is not re-elected, the Diligent licence is terminated and reallocated to the new councillor. If technology is

extended to external representatives, it is recommended that a similar approach be adopted.

12. The cost of this proposal is not expected to be significant. As noted, many representatives have technology provided by other organisations or will want to continue to utilise their personal technology. It is estimated to cost \$2,000 to \$3,000 per deployment. The maximum cost is not expected to exceed \$21,000.
13. There is potential for increased support to external representatives around training in Diligent and addressing issues when the software or hardware doesn't operate as expected. This can be challenging as representatives are infrequently on-site.
14. Solutions will be addressed on a case by case basis with each external representative.

Options

15. There are two main options open to the Council. The Council can either retain the status quo (that is, not extend the technology solutions provided to Councillors to external representatives on committees) or extend the technology solutions provided to Councillors to external representatives on committees.
16. The following table outlines the options and the associated advantages and disadvantages:

Option	Advantages	Disadvantages
Status quo. That is, not extend the technology solutions provided to Councillors to external representatives on committees.	No additional costs and support obligations to representatives who are on-site infrequently.	The Council is not fully providing the tools to external representatives to undertake their appointed role. In particular, there will continue to be some issues with getting agendas to representatives. The Council is signalling to the Māori community that it is not fully committed to and increasing their involvement in decision-making processes. Māori participation in local-authority decision-making processes is not facilitated and enhanced. The Council's decision is not consistent with the views expressed by our iwi committee representatives.

Option	Advantages	Disadvantages
Extend the technology solutions provided to Councillors to external representatives on committees.	<p>The Council is providing the tools to external representatives to undertake their appointed role. In particular, there will be fewer issues with getting agendas to representatives.</p> <p>The Council is signalling to the Māori community that it is fully committed to and increasing their involvement in Council decision-making processes.</p> <p>Māori participation in local-authority decision-making processes is facilitated and enhanced.</p> <p>The Council's decision is consistent with the views expressed by our iwi committee representatives.</p> <p>The costs as associated with this option are not significant.</p>	Additional costs and support obligations to representatives who are on-site infrequently

Significance

17. In terms of the *Significance and Engagement Policy*, the decision is assessed as being not significant. The decision is of an administrative nature.

Financial considerations—LTP/Annual Plan

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

Policy considerations

19. 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 *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

20. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan. The issues raised in this memorandum were canvassed with three iwi representatives. There was support for the recommendations from those representatives.

Community considerations

21. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum. Staff believe that many in the community would expect Council to provide the tools needed by members of its committees to enable them to do their work in an effective and efficient manner.

Legal considerations

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

Executive, Audit & Risk Committee Public Excluded

In accordance with section 48(1) of the *Local Government Official Information and Meetings Act 1987*, resolves that the public is excluded from the following part of the proceedings of the Executive, Audit and Risk Committee Meeting on Monday 29 March 2021 for the following reason/s:

Item 9 - Public Excluded Minutes - 15 February 2020

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

Item 10 - Yarrow Stadium Update

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.