

Table of Contents

- Table of Contents..... 1
- Chairman and Chief Executive’s Report 2
- At a glance..... 6
- Governance Report10
- Working Together With Māori12
- Staff Capacity.....15
- The Taranaki Region19
- Financial Trends.....23
- Statement of Compliance & Responsibility24
- Audit Report25
- Achievement of Community Outcomes.....28
- Performance Information.....33
- Resource Management.....34
- Biosecurity49
- Transport.....55
- Hazard Management.....61
- Recreation, Culture and Heritage.....69
- Regional Representation, Advocacy and Investment Management.....77
- Financial Statements.....85
- Explanatory Notes to the Financial Statements.....90
- Funding Impact Statement..... 114
- Reporting and Prudence Regulations..... 122

Document # 2273323

Chairman and Chief Executive's Report

We are pleased to present the Taranaki Regional Council's 2018/2019 Annual Report.

In particular, it's satisfying to report that although the year brought significant challenges, the Council notched up notable achievements in partnership with the regional community. And once again, we finished the year in a strong financial position.

We're confident the Council is well placed to meet future challenges and demands, and to continue to serve the region by supporting livelihoods, improving lifestyles and taking Taranaki forward.

Highlights of the year included:

Towards Predator-Free Taranaki

It's also been exciting to see the community embrace the Towards Predator-Free project, the ambitious region-wide campaign launched in May 2018.

Monitoring data shows this intensive predator control may already be making a difference – rats and possums in urban New Plymouth are decreasing, while the trapping network in rural and urban areas is expanding rapidly.

Monitoring, using rat footprint tracking and a possum bite-mark index, show catch rates have dropped; rats went from 33 per cent to 19 percent over the year, while the urban New Plymouth possum index has fallen from 25.6 to 1.4 per cent in the past four years.

These results strongly suggest the rapidly growing trapping network in urban New Plymouth backyards, parks and reserves is having an impact, supporting successful efforts removing predators on rural and conservation land.

There have been many other highlights in the first year, including the enthusiastic involvement of young people and schools, and the way the Oākura-Kaitake community has embraced the cause and made it their own. This area was an excellent choice for the zero possum trial that is part of the wider programme.

The project, led by Taranaki Regional Council, will cost \$47 million in the first five years, with \$11.7 million from the Government. Towards Predator-Free Taranaki is the biggest project of its kind in the country.

Towards Predator-Free Taranaki will expand around the mountain in the coming years.

Yarrow Stadium

Proceeding with repairs to the earthquake-prone grandstands and essential refurbishments at Yarrow Stadium with a budget of up to \$50 million was one of the most momentous and difficult decisions ever faced by Councillors.

The unanimous decision was based on full consideration of all the possibilities, taking into account expert analyses by engineers, geotechnical specialists, economists and others, as well as a thorough public consultation process.

A number of scenarios were rightfully discarded early in the piece because they clearly made little sense financially and operationally. A full range of options went out for public consultation, ranging from 'demolish and walk away' to a Dunedin-type covered stadium. We clearly noted, however, that not all of the options were financially realistic for the Council.

Councillors listened carefully to the wide range of views put forward during the consultation process. And after weighing everything up and a good debate, the Council remains confident the community largely shares our vision for Yarrow Stadium: The best non-metro stadium in the country for national and international sports, entertainment and community events, offering a quality experience for all who use it.

It is clear to us that we must reinstate Yarrow Stadium to what it was, with refurbishments that are necessary to meet current and foreseeable requirements for such venues. This was undoubtedly the best option that was within the TRC's financial capabilities.

Not everyone agrees, of course. That is to be expected. Still, it's disappointing to note that misinformation and inaccuracies continue to be given currency by some.

We moved swiftly and efficiently to get to the point where a decision could be made, giving certainty to the community as well as key stakeholders. It was pleasing that so many took part in the consultation process.

We all look forward to the first big event at the repaired and refurbished venue.

Freshwater quality & riparian programme

The long-running and world-scale effort by the region's rural sector to fence and plant thousands of kilometres of waterways in Taranaki continues to be rewarded by positive results in terms of freshwater quality. It's also winning wider attention and recognition.

The Riparian Management Programme is a mammoth project in terms of scale, numbers and timeframe:

- 15,400 kilometres of stream banks.
- 5.6 million native plants, with more to come.
- Thousands and thousands of hours and tens of millions of dollars.
- 25-years plus, and the finish line is in sight.

As in recent years, latest monitoring shows the ecological health of waterways at or near the best ever recorded. An independent study by NIWA has confirmed that fencing and planting the waterways is a direct factor in these improvements, as well as a reduction in bacteria levels.

So it was most pleasing that the project won Local Government NZ's 2017 Excellence Award for Environmental Well-Being. This award doesn't belong to the Council. It belongs to all the landowners and farmers who have invested so much sweat, money and time into protecting and improving our rivers and streams.

They've done so without subsidies. The Council's provided plenty of technical assistance and advice. But they've funded all the planting and fencing.

And they've done so voluntarily. These results haven't been achieved by a rule in an RMA plan. They've been achieved because our community knows it's the right thing to do.

The strategy from the start has been to establish a sound case for the project, to ensure that it can be delivered, and crucially, to bring key players on board by encouraging them to understand it and want to be part of it. The results speak for themselves.

But there are still gains we can make and a lot of work we need to do. The Council has been fully engrossed in a review of our 'rulebook', the *Freshwater and Land Plan*, to tease out issues and potential fixes. There's been a raft of scientific studies and we've also been running a series of hui with iwi and other water users.

The Council is still aiming to have a proposed new plan ready for notification in mid-2020.

Pukeiti, Tūpare & Hollard Gardens

A firm focus on presentation, interpretation and sound horticultural practice at the three heritage properties, Pukeiti, Tūpare and Hollard Gardens, has won recognition from the national garden sector as well as the regional public.

During the year, Tūpare was awarded the NZ Gardens Trust's highest six-star rating – a distinction shared by only 13 other locations nationally.

The Trust warmly commended the New Plymouth property for the way it portrays its history while meeting the needs of a modern public garden, and notes that the gardening and maintenance are of excellent quality.

Visitor numbers have been growing at Tūpare, Hollard Gardens and especially at Pukeiti, whose new Rainforest Centre and associated developments have clearly struck a chord with the public. Pukeiti is getting around 85,000 visits a year, about 200% up on what we were seeing just before the revamp and well ahead of the 10,000 annual visitors when the Council took responsibility for this property in 2010.

Exciting new features are in the pipeline as development work continues and we're confident we'll see visitor numbers rise even further as a result.

Strong financial position

The Council finished the 2018/2019 financial year with a surplus of \$5.99m. This result was strongly and favourably influenced by property and asset revaluations (\$1.45m), dividends in excess of budget (\$1m) and unbudgeted revenue following enactment of the *New Plymouth District Council (Waitara Lands) Act 2018* (\$2.5m). This latter income is to be applied for specific purposes in the Waitara catchment as detailed in the above statute. Excluding these extraordinary influences, the budget ran to a surplus of about 3% of turnover, a pleasing result.

We gratefully acknowledge the efforts and achievements of staff during the year, ably governed by a team of councillors providing clear direction and leadership, consistent with our mission. It was a very busy period and the Council has been resolute in its efforts to support livelihoods, improve lifestyles and take Taranaki forward.



David MacLeod
Chairman



Basil Chamberlain
Chief Executive





Reporting environmental performance

120

major consent monitoring programmes publicly reported.

96%

'high' or 'good' environmental performance for major consents.

90.7%

dairy farms and all pig and poultry farms complied with consent conditions.



High level of environmental performance by industries, councils and farming sector.

Planting and fencing streambanks

5.6m

plants put along streams by landowners.
547,510 in past year along 300 km.

86.5%

riparian plan streambanks protected with fencing

73.7%

riparian plan streambanks protected with riparian vegetation.



Enforcing environmental standards

452

environmental incidents responded to. Control and cleanup initiated where required.

239

abatement notices served

112

infringement notices issued.

Sustainable farming

450

sustainable land management plans, covering 67.5% of hillcountry land in private ownership.

87%

hill country being managed sustainably



Restoring native habitats



100%

of 16 Key Native Ecosystems monitored improving or maintaining condition.

24

new biodiversity plans covering 1,099 ha of ecologically important habitats on private land.

Total of 132 covering 5,357 ha.



Removing predators and targeting pest plants

7,000 predator traps rolled out in urban New Plymouth and NPDC reserves to move Towards Predator-Free Taranaki

6.7% residual catch rate across self-help possum control programme, significantly reducing effects on biodiversity and agricultural production

1,309 inspections for pest plants.

Monitoring nature's extremes

- ✓ Regional and District Councils maintained Civil Defence readiness and response capability.
- ✓ maintained flood protection schemes in the lower Waitara, lower Waiwhakaiho, Waitotara, and Stony Rivers, Kaihihi Stream and Opunake.
- ✓ maintained flood monitoring and warning networks.



Regulating use of natural resources

100%

resource consents processed in RMA timeframes over past 19 years.



Checking marine and river health

99%

coastal beaches samples met MfE bathing guidelines during summer.

80%

freshwater bathing site samples met MfE bathing guidelines during summer.

47%

freshwater ecological sites show significant trends of improvement. None show significant decline.

73%

nutrient measures at representative surface water sites stable or improving (since 1995).



widespread improvement in stream health

Public bus services and transport

4% increase in passengers on region's public transport. 649,874 total trips.

49,000

subsidised Total Mobility passenger trips

\$65,000

for Ironside Vehicle Society to carry people with disabilities.



World-class gardens

147,461

Visitors to Tūpare, Pukeiti and Hollard Gardens



Tūpare awarded NZ Gardens Trust highest 6-star rating

Assisting Puke Ariki, heritage and culture

Funding two major projects at Puke Ariki and one at Aotea Utanganui Museum of South Taranaki.



Ensuring clean air

Taranaki's air quality is good, with negligible contribution from human activities.



Yarrow Stadium

securing the future of Taranaki's international stadium

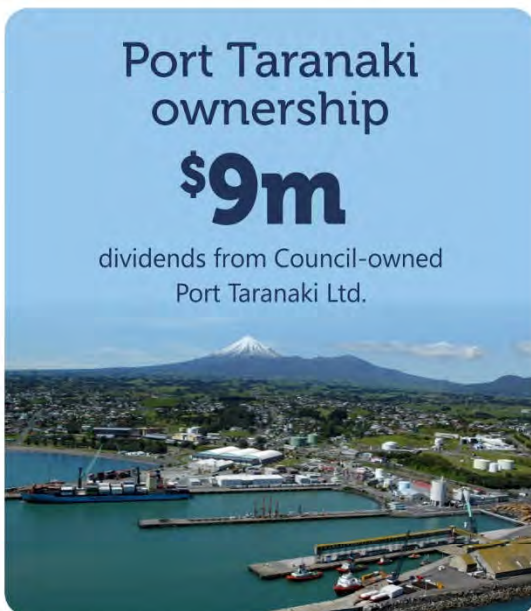


Taranaki Regional Council is made up of eleven publicly elected Councillors as follows: David MacLeod (Chairman), David Lean (Deputy Chairman), Michael Joyce, Donald McIntyre, Tom Cloke, Craig Williamson, Charlotte Littlewood, Neil Walker, Matthew McDonald, Michael Davey and Bev Raine.



Building scientific knowledge

Range of resource investigations and applied research projects undertaken.



Port Taranaki ownership

\$9m

dividends from Council-owned Port Taranaki Ltd.



Educating future generations

8,206 students experienced class visits or field trips through the Council environmental education programme

14 environmental champions recognized by Council environmental awards

regional coordination of Enviroschools programme

Connecting people

advocacy for improving Forgotten World Highway (SH43), including sealing remaining 12 km

Sound financial performance

Council balance sheet remains very strong, with no public debt.

Supporting community initiatives

worked with Wild for Taranaki, iwi and grassroots community groups to improve Taranaki's biodiversity.



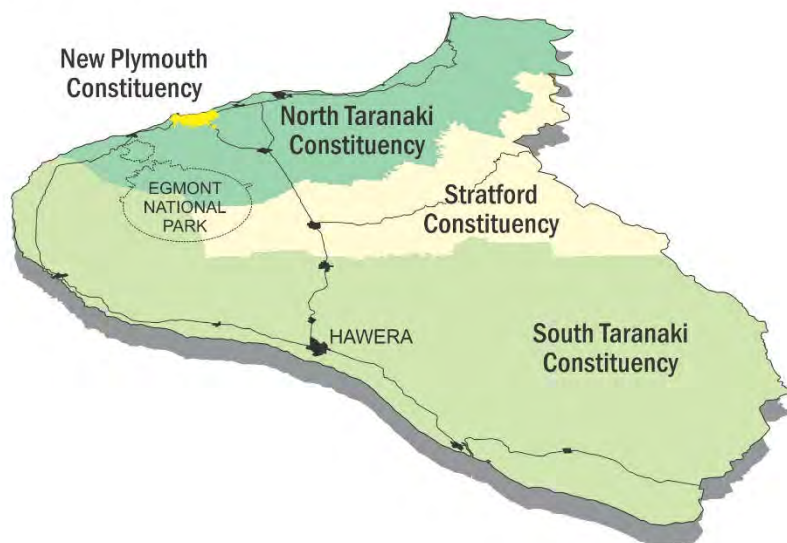
Governance Report

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

Structure of the Council

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

- New Plymouth constituency: Five members
- North Taranaki constituency: Two members
- Stratford constituency: One member
- South Taranaki constituency: Three members



Council committees

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

| Taranaki Regional Council | |
|--|---|
| Committees | |
| Executive, Audit and Risk David Lean (Chairperson) Tom Cloke Michael Joyce Craig Williamson Neil Walker David MacLeod | Policy and Planning Neil Walker (Chairperson) Charlotte Littlewood (Deputy Chair) Michael Joyce Donald McIntyre Bev Raine Craig Williamson David MacLeod David Lean Richard Jordan - NPDC Grant Boyde - SDC Phil Nixon - STDC Phill Muir - Federated Farmers Emily Bailey - Iwi John Hooker - Iwi Mitch Ritai - Iwi |
| Taranaki Civil Defence Emergency Management Group Tom Cloke (Chairperson) - TRC Neil Holdom - NPDC Neil Volzke - SDC Ross Dunlop - STDC | Consents and Regulatory Michael Joyce (Chairperson) Tom Cloke (Deputy Chairperson) Mike Davey Charlotte Littlewood Matthew McDonald Bev Raine Neil Walker David MacLeod David Lean Hoani Eriwata - Iwi Keith Holswich - Iwi Fay Mulligan - Iwi |
| Taranaki Solid Waste Management Committee Neil Walker (Chairperson) - TRC Richard Handley - NPDC Alan Jamieson - SDC Bryan Roach - STDC | Yarrow Stadium Joint Committee Michael Joyce (Chairperson) - TRC Craig Williamson - TRC Neil Holdom - NPDC Alan Melody - NPDC |
| Regional Transport Committee Craig Williamson (Chairperson) - TRC Matthew McDonald (Deputy Chair) Harry Duynhoven - NPDC Ross Dunlop - STDC Neil Volzke - SDC Ross l'Anson - NZTA | |

Figure 1: Committee Structure at 30 June 2019

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

Governance systems

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

Division of responsibility

There is a clear division of responsibilities between the role of the Council and management as required by the *Local Government Act 2002*. The Council's focus is on setting strategy and policy together with monitoring its implementation. Management is responsible for the implementation of the Council's policy and strategy. While many of the functions have been delegated, the overall responsibility for maintaining effective systems of internal control rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that the specific objectives of the Council are achieved.

Legislative compliance

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

Environmental compliance

Many activities are focused on promoting the sustainable use, development and protection of the environment. Both regulatory and non-regulatory methods are employed, and a range of different types of monitoring is undertaken, to test the effectiveness of these methods. However, in addition to its overall environmental management role in the region, which is substantially focused on the activities of external parties who use environmental resources, the Council itself occasionally engages in resource use activities in undertaking its functions. Where that occurs, systems and procedures are in place to ensure that its own actions comply with at least the standards expected of all other resource users. These include requirements to apply for and obtain necessary consents, the use of independent persons to make decisions on consent applications, and the implementation and public reporting of effective compliance monitoring.

Working Together With Māori

The Council recognises the importance of working together with Māori across the region including Māori involvement in decision making processes. The Council undertook a number of activities during the year in working with Māori, including providing opportunities for Māori to contribute to the decision-making processes of the Council.

It is part of the Council's mission to carry out its various responsibilities by, among other things, taking into account the Treaty of Waitangi. Furthermore, schedule 10 of the *Local Government Act 2002* requires the Council to set out in its long-term plan any steps it intends to take to foster the development of Māori capacity to contribute to the decision making processes over the period covered by the *Plan*. There are eight recognised iwi in the region, Ngaa Rauru Kiihahi, Ngāti Ruanui, Ngāruahine, Taranaki Iwi, Te Atiawa, Ngāti Mutunga, Ngāti Maru and Ngāti Tama. It should also be noted that we have met with Ngāti Maniapoto, who have indicated an overlapping interest in North Taranaki as part of their ongoing treaty settlement negotiations with the Crown, to discuss the development of a relationship with the Council.

Policy development

Opportunities were provided to Māori to be involved in the development of policy and in particular input was sought or opportunities provided in regards to:

- the development of the Proposed *Coastal Plan for Taranaki* with a focus on acknowledgement of cultural values and the recognition of statutory acknowledgements and sites of significance within the coastal marine area.
- work with iwi and hapū on the development towards a proposed draft of the *Freshwater and Land Management Plan*, with the establishment of the collaborative Wai Māori working group.
- continued investigation and research on the inclusion of Mātauranga Māori into the monitoring of freshwater in Taranaki.
- a continued watching brief on the status of Marine and Coastal Area (MACA) applications from iwi and hapū.
- ongoing discussions of a collective Mana Whakahono a Rohe (iwi relationship) agreement with the iwi of Taranaki and the New Plymouth, Stratford and South Taranaki District Councils.

Resource Consent Processes

Continued to provide and develop processes for Māori to be involved in and contribute to resource consent processing and administration. This included:

- ongoing engagement with iwi authorities and hapu on resource consent applications within their respective rohe, in recognition of their Treaty of Waitangi settlement's and associated statutory acknowledgement areas.
- notification to iwi and hapū of resource consents applications in the coastal marine area that are associated with their respective MACA applications that are before the High court.
- working alongside the trustees of the Te Taihua Urupa on the consent renewal for the urupa protection seawall.
- ongoing engagement with Ngāti Manuhiakai hapū representatives and company representatives on the renewal of resource consents for Taranaki By-Products Ltd.
- a visit to Motukawa hydroelectric power station with Ngāti Maru and Te Atiawa representatives to view the diversion, storage lake and discharge as part of the preliminary consultation to the re-consenting of the activity by Trustpower.

Ongoing Engagement

Maintained and developed processes for ongoing engagement with Māori on a number of fronts from meetings to discuss matters of mutual interest. During the year activities included:

- work with Iwi and hapū to monitor and discuss the effects of PFAS (a firefighting foam component) contamination at a small number of sites in Taranaki. Samples of water, water-cress, eel and mussel tissue were taken from a number of the sites. High levels were found in the water, water-cress and eel tissue at one site. Monitoring and further meetings with the iwi and hapū at that site have continued.
- working with Ngāti Mutunga on the Urenui estuary, as part of Estuary Vulnerability Assessment project and cultural research by the Iwi.
- attendance at the Environmental Awards evening by representatives from Te Atiawa Ngāti Mutunga, Ngāruahine, Taranaki and Ngāti Maru. The opening mihi whakatau for the event was led by Te Atiawa with the presentation and speech for the iwi sponsored category “Te Taiao me te Pākihi” environmental leadership in business delivered by the Chair for Te Korowai Ngāruahine.
- continuing support to Tiaki Te Mauri o Parininihi Trust for pest control and eradication in the Mount Messenger Conservation Area.
- attending the public launch of “Taiao Taioa” the environmental management plan for Taranaki Iwi at Okurukuru
- meeting with marae and hapu representatives at Puniho Marae to discuss and update them on the Pest free 2050 programme, which was well received. Also to provide an update of the work at Pukeiti garden to enlarge the carpark to cater for the increased number of visitors.
- work with Okahu-Inuawai Mana Taiao representatives on a number resource consent applications within their rohe and to support and participate in the hapū Kaitiaki wānanga, scheduled for later this year.
- receiving updates of the Taranaki Maunga Treaty Settlement negotiations from Iwi and Crown negotiators
- meeting with the Ngāti Maru Treaty Settlement negotiators and Te Arawhiti (OTS) representatives to discuss the development of a relationship agreement with the Council.
- working with Ngāti Maru, land and forestry owners on the protection of the Piharau spawning area located on a tributary of the upper Waitara River

Representation

Iwi representatives’ participation in the decision making of the Policy and Planning and Consents and Regulatory Committees continues to develop with the adoption and use of karakia to open and close the meetings and karakia for kai at lunch. Other areas being looked at to improve committee processes are more detail recording of iwi/hapū input or response to reports and resource consents. Other times, representatives have taken the opportunity to seek clarity from staff on particular points of discussion prior to their committee meetings.

Information management

A number of iwi have been provided with access to various layers of environmental data on the council’s GIS. Layers such as resource consents issued, environmental monitoring sites and riparian planting are the most requested layers.

Updates to the iwi contact lists on the website are ongoing.

Identification and information on sites of significance are a priority for the Council, iwi and hapu. Guidelines on access to that information, particularly with sensitive sites, are still to be developed and agreed. However, with review of the coastal and freshwater plans and a more proactive approach with iwi and hapū some locations and information on those sites are being shared with the Council. Of particular mention is the discussions and input with Ngāti Te Whiti, Ngāti Rahiri, Ngāti Ruanui, Ngāti Mutunga, Ngāruahine and Taranaki Iwi.

Training

Introductory cultural awareness programme for the staff and council has continued throughout the year. The intent of the awareness programme is to build council and staff capability in basic te reo, place name pronunciation, waiata and tikanga through learning about people, places and events of significance to the iwi of Taranaki.

Resources

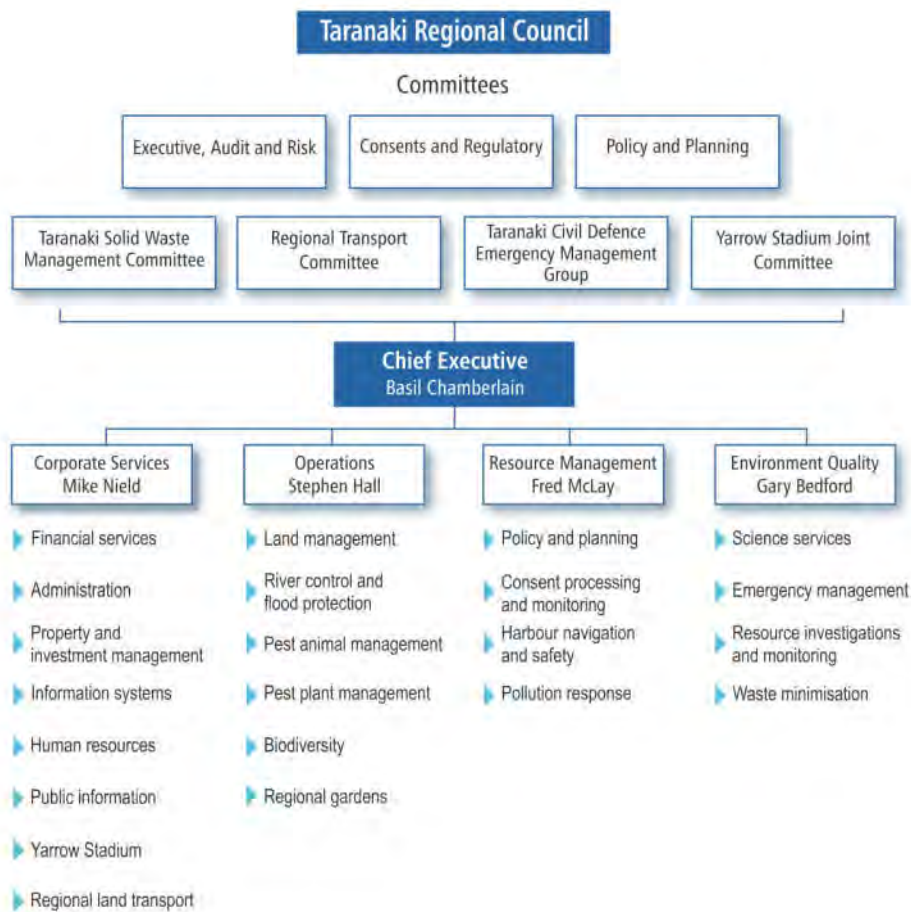
Meet with Okahu Inuawai Mana Taiao and hapū representatives who are keen to explore the development of a MOU with the Council that would include access to GIS layers, SHMAK training for hapū members, inclusion in the conversation on Mātauranga Māori and also support for their kaitiaki wānanga later this year.

Review

The Council will, with iwi, review the effectiveness of its policies and processes for working with iwi at times and places or in ways agreed with iwi.

Staff Capacity

To undertake its activities, the Council employs a permanent staff with wide-ranging professional, technical and administrative skills. In addition, the Council owns the necessary property, equipment and facilities.



ORGANISATIONAL STRUCTURE

Most activities are primarily the output of one section or department. However, a number of tasks, particularly those associated with the development of policy, require resources to be applied from throughout the organisation. The departmental structure has been designed in accordance with the fields of activities. It is a flat, compact structure, which results in a high level of delegated authority, productivity and commitment.

Values statement

The staff are committed to:

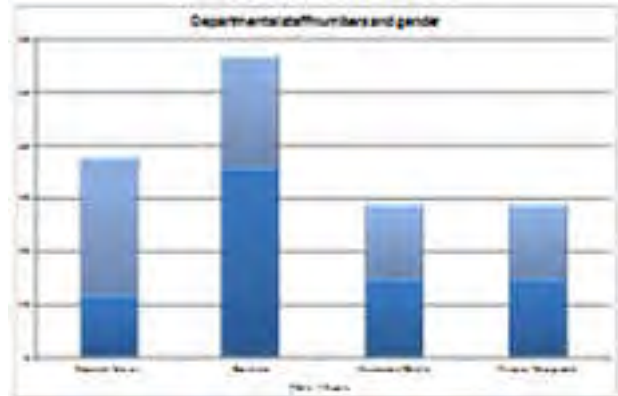
PUBLIC SERVICE

- behaving with integrity and neutrality in the best traditions of the public sector in New Zealand
- administering our functions for the collective good of our community with consistency, fairness and sensitivity in our treatment of individual situations

- not accepting direct or indirect offers, payment, gifts or bribes in any form and avoiding conflicts of interest.

SERVICE FIRST

- assisting people in a courteous, helpful, accurate and professional manner
- providing people with a better service than they may expect to receive, noting that many people do not have dealings with us out of choice
- recognising the social and cultural diversity that exists and take this into account in our dealings.

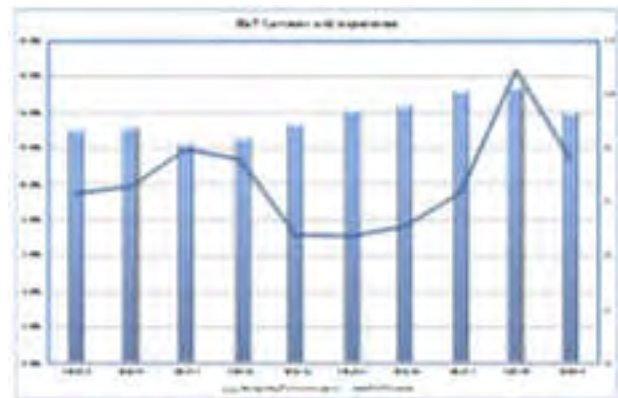


IMPROVING THE QUALITY OF OUR PERFORMANCE

- ensuring our personal contributions make a real and positive difference to the Council, its mission and performance continually improving the quality of our services to customers and the quality of our working relationships with each other
- improving our time management and productivity by increasing our knowledge and experience of our duties, working in a planned and strategic way and focusing on completing assignments
- calling for assistance when required
- being thorough and professional in our work so that we make sound recommendations and decisions based on knowledge and understanding.

EFFECTIVE COMMUNICATION AND TEAMWORK

- informing each other about our tasks and seeking participation and advice
- communicating with simplicity, clarity, and certainty
- recognising that individual achievements are always underpinned by the assistance of others
- constructively assisting each other, being non-possessive and receptive to advice
- trusting, respecting and being loyal to each other and the organisation
- congratulating each other for jobs well done and helping each other through problems
- participative management systems which encourage constructive and timely expression of opinion, noting that having a say differs from having a vote.



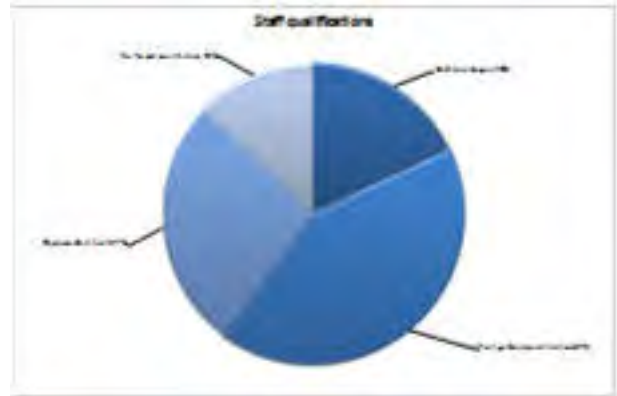
INITIATIVE AND THE RIGHT TO MAKE MISTAKES

- challenging the way we do things showing initiative with the aim of improving effectiveness
- being innovative in developing and using new ideas, methods and technologies
- minimising mistakes but accepting that we will make mistakes as we learn and improve
- forgiving well-intentioned errors

- being flexible and responsive to change.

ACCOUNTABILITY AND RESULTS

- being responsible and accountable for our own actions and the quality of our own work
- being collectively responsible for and loyal to the organisation's actions
- achieving results which benefit the community
- not mistaking activity for accomplishment.



PRESENTATION, RESPECT AND CARE

- presenting ourselves for work in a fit state and in appropriate standards of dress and appearance
- respecting and caring for Council property, plant, vehicles and our workplace as if it were our own
- recognising the need to protect the integrity and public image of the Council and our colleagues in our private lives
- remembering that many of the people who are obliged to contribute to the funding of the organisation have low incomes.

JOB SATISFACTION

- being appropriately trained and resourced to do our work well
- being satisfactorily rewarded for our work
- enjoying our work.

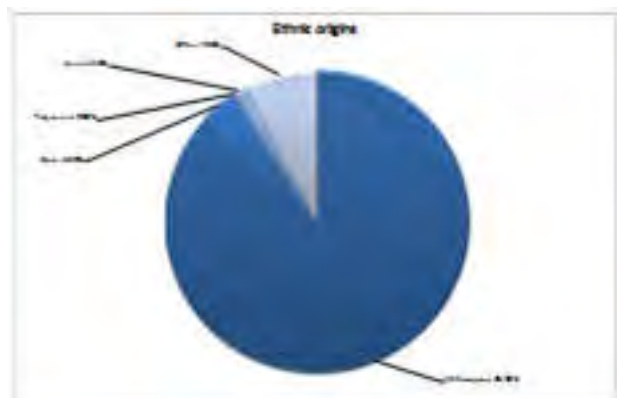
Performance management

The Council has extensive systems in place to assist performance management and continuous improvement.

Performance metrics to measure individual, group and total performance across a full range of processes and outputs have been developed. This information is provided to all staff through the intranet and other means, at regular intervals. The individual performance and development programme incorporates individual performance expectations and appraisal, personal development and training needs.

Employment agreements

One-hundred and fifty-three (2017/2018—146) permanent staff are employed. Of these, 77% (75%) are employed under the *Taranaki Regional Council Collective Agreement*, with the balance employed on individual agreements and expired Collective Agreements. Staff employed under the collective agreement are represented by the Taranaki Regional Council Officers Staff Association Incorporated. We also have a number of staff who belong to the Public Service Association.



Equal employment opportunity

We are committed to the principle of equal opportunity in the recruitment, employment, training and promotion of its employees. We aim to provide a welcoming environment which accepts diversity.

There is an awareness of and an intent to, eliminate discrimination in the areas of race, colour, ethnic or national origin, gender, religious beliefs, marital status, family responsibilities, sexual orientation, special needs, or age. Recruitment is designed to select from the widest possible cross-section of candidates in a non-discriminatory way. Data is collected to provide information for input into equal employment opportunity policy development, implementation and evaluation, whilst ensuring confidentiality.

Health and safety

The safety of staff, contractors and the public is taken seriously. All staff are provided with training and other services to promote health and safety in the workplace.

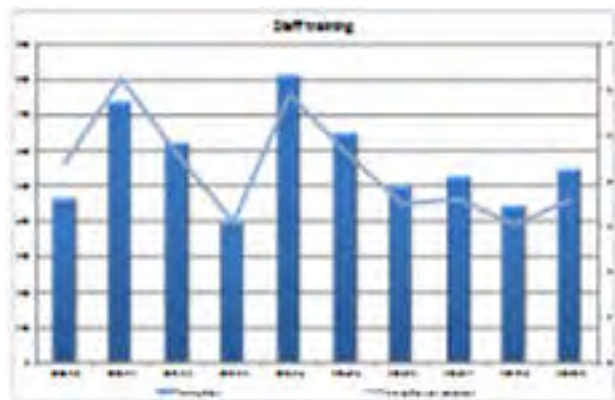
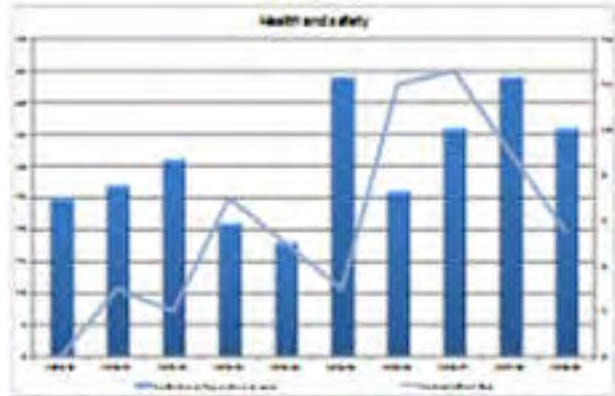
The aim is for no staff time lost from work-related incidents.

Management Practices programme where an independent audit of the health and safety management system met the criteria of a "well-established, continuous improvement framework". This also results in reduced ACC premiums.

Training and experience

We are committed to ensuring staff are appropriately qualified, experienced and trained.

We are committed to professional development as well qualified and trained staff, are critical to performance.



The people

Figures from the 2013 census show the total population of Taranaki stands at 109,608, an increase of 5.3% over the 2006 census figure. In the previous census period (2001–2006) the population of the region increased by 1.2%. Taranaki's population accounts for 2.6% of New Zealand's total population.

Population changes have also varied within the region. The most notable feature has been the continued growth in the proportion of the population residing in the New Plymouth district, which contains 67.7% of the region's population – up from 64.7% in 2001. Both Stratford and South Taranaki districts have experienced small population increases since 2006.

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

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

The percentage of Māori within the region continues to increase from 14.7% at the 2001 census to 15.2% at the 2006 census and 16.6% at the 2013 census.

The economy

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

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

Dairying dominates farming in Taranaki, particularly on the ring plain. There are approximately 1,620 dairy herds and about 477,311 dairy cows, producing approximately 9.0% of New Zealand's total milksolids. In addition to direct farm income from milk production, the added value by the processing of milk, whey and cheese manufacturing, is a significant contributor to employment.

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

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

The oil and gas industry is a major contributor to the regional economy. The Taranaki Basin is currently New Zealand's only hydrocarbon producing area, with the Kapuni and the offshore Maui fields making up the major part of New Zealand's natural gas resources. Extensive drilling programmes have continued in an effort to support the Kapuni and Maui fields. These have resulted in a number of significant additional fields being discovered in recent decades. The Pohokura offshore gas field in North Taranaki, the largest gas and condensate find in 30 years, was discovered in 2000 and brought into production in 2006. Other fields discovered or brought into production since 2000 include the Kauri and Tui fields, and the offshore Kupe field.

In April 2018, the Government announced an end to offshore oil and gas exploration in New Zealand. However, the decision does not affect existing permits.

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

Tourism is playing an increasingly important role in the Taranaki economy, with 665,048 guest nights spent in commercial accommodation in the Taranaki region by domestic and international visitors in the year to the end of December 2018– an increase of 1.9% over the previous year. This represented an easing of growth in total guest nights spent in Taranaki compared with recent years. However, estimates of visitor spend in the region continues to increase with rates of growth at higher levels than many other New Zealand regions.

Approximately 80% of visitors were domestic visitors and 20% were international visitors. The region continued to promote itself on the back of travel guide *Lonely Planet* having chosen Taranaki as the second best region in the world to visit in 2017.

The region's mountain, forests, gardens and parks are attracting increasing numbers of visitors for rural-based and outdoor recreation activities. The Taranaki region is also becoming increasingly popular and recognised for a range of organised cultural, sporting and other events.

As an export-based economy, major changes in the world economy or commodity prices can significantly affect Taranaki. The regional economy is therefore more vulnerable to changes in overseas markets and price fluctuations for our land-based products than larger urban-dominated regions.

In an effort to diversify the economy and build long-term resilience, a major review of the Taranaki regional economic development strategy, *Tapuae Roa: Make Way for Taranaki* was completed in April 2018 with the launch of the Tapuae Roa Action Plan.

The review process has involved all local authorities in Taranaki working together with central government, iwi, business and community leaders. Work is now underway in implementing the Strategy and Action Plan.

In May 2019, the Government held the first of its 'Just Transitions' summits in New Plymouth. The summit focused on what a just transition to a low carbon emissions future might look like for New Zealand and for Taranaki. Work is continuing on a number of projects including the establishment of a National New Energy Development Centre announced at the summit by the Prime Minister, and which is to be based in Taranaki.

Environmental issues

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

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

Dairying will continue to play a prominent role in the regional economy and this will place ongoing pressures on our water resources from farm run-off, sediment and nutrients. Increased efforts will be needed just to maintain current water quality and to improve quality where deterioration has occurred. Attention will continue to be given to promoting good land and riparian management practices.

In recent years the Council has required disposal of farm dairy effluent to land wherever possible in preference to disposal to water. The Council's long-running riparian management programme continues to transform the Taranaki landscape, leading to improvements in water quality and indigenous biodiversity.

Management of the many industrial, municipal and agricultural waste discharges from individual point sources has improved significantly over the years. These discharges are closely monitored. It is vital for Taranaki's future that all such discharges are managed sustainably. Where there are gaps in our knowledge of the resources of the region or the environmental effects of their use, necessary investigations and research must be undertaken to improve our understanding.

Other significant environmental issues facing the Taranaki region include:

- managing clearance of bush and scrub on steep hill country, to avoid soil erosion that degrades land productivity and water quality. Parts of inland hill country experience significant soil erosion but changes to

more sustainable land use practices and conversion to forestry present opportunities to address this. The development of a tree planting decision support portal is underway to assist this

- controlling threats to indigenous flora and fauna and the economic costs faced by the region as a result of pest plants and pest animals
- managing the coastline and coastal waters in a way that recognises ecologically and culturally sensitive areas within the coastal environment, and that allows appropriate coastal use and development
- promoting protection of the region's indigenous biodiversity where the Council has ramped up its efforts in recent years
- managing discharges of contaminants to air and maintaining the high overall standard of air quality
- managing the allocation of the region's surface water resources, especially for increasing interest in pasture irrigation.

Resource management issues and iwi

The tangata whenua, through the region's eight iwi: (Ngāti Tama, Ngāti Mutunga, Ngāti Maru, Te Atiawa, Taranaki Ngāruahine, Ngāti Ruanui and Ngaa Rauru) have a special relationship with the regions natural and physical resources. Inherent in this relationship is kaitiakitanga which seeks to maintain the mauri of these resources, while allowing the ability to use and develop them for social, cultural and economic well-being. Iwi either individually or as a collective wish to maintain meaningful and adequate input to Council decision-making and to have effective and efficient structures and processes in place to enable that to occur.

Financial Trends

| | Actual 2018/19 | Budget 2018/19 | Actual 2017/18 | Actual 2016/17 | Actual 2015/16 | Actual 2014/15 | Actual 2013/14 | Actual 2012/13 | Actual 2011/12 | Actual 2010/11 | Actual 2009/10 |
|-----------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General rates | \$7.95m | \$7.95m | \$7.61m | \$7.54m | \$7.46m | \$7.40m | \$7.29m | \$7.18m | \$7.18m | \$6.85m | \$5.7m |
| Percent change | 4.5% | 4.5% | 1.0% | 1.0% | 0.9% | 1.4% | 1.5% | 0% | 4.82% | 20.2% | 3.3% |
| General rates to income | 22.2% | 24.7% | 28.5% | 30.0% | 30.0% | 30.2% | 29.9% | 31.6% | 36.2% | 31.8% | 35.5% |
| Rates per \$100,000 capital value | \$14.17 | \$14.17 | \$15.55 | \$15.99 | \$16.64 | \$16.71 | \$17.18 | \$19.47 | \$17.34 | \$17.25 | \$12.96 |
| Total expenditure | \$31.3m | \$32.0m | \$26.6m | \$24.8m | \$25.3m | \$23.3m | \$23.0m | \$21.5m | \$19.8m | \$18.6m | \$16.7m |
| Percent change | 17.7% | 22.61% | 7.31% | -2.2% | 8.6% | 1.30% | 7.0% | 9.97% | 6.12% | 11.63% | 9.62% |
| Operating surplus/(deficit) | \$5.99m | \$0.23m | \$0.96m | \$1.6m | \$0.97m | \$0.76m | \$1.4m | \$1.6m | \$0.32m | \$2.9m | (\$0.5m) |
| Working capital | \$9.4m | (\$0.33m) | \$5.6m | \$7.7m | \$11.0m | \$9.0m | \$4.3m | \$2.5m | \$2.2m | \$1.8m | \$10.6m |
| Current ratio | 2.26:1 | 0.9:1 | 1.87:1 | 2.7:1 | 3.78:1 | 3.11:1 | 2.12:1 | 1.72:1 | 1.53:1 | 1.55:1 | 4.96:1 |
| Total assets | \$97.0m | \$84.6m | \$90.0m | \$87.3m | \$85.1m | \$84.3m | \$83.1m | \$80.9m | \$79.6m | \$78.4m | \$74.2m |
| Public debt | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Public debt to total assets | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Statement of Compliance & Responsibility

The Council and management of the Taranaki Regional Council confirm that all the statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.

Responsibility

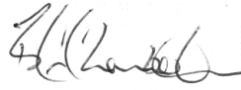
The Council and management of the Taranaki Regional Council accept responsibility for the preparation of the annual consolidated financial statements and the judgements used in them.

The Council and management of the Taranaki Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Taranaki Regional Council, the annual consolidated financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of the Taranaki Regional Council.



David MacLeod
Chairman
1 October 2019



Basil Chamberlain
Chief Executive
1 October 2019



Michael Nield
Director—Corporate Services
1 October 2019

Audit Report



Independent Auditor's Report: To the Readers of Taranaki Regional Council Annual Report for the Year Ended 30 June 2019

The Auditor-General is the auditor of Taranaki Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte Limited, to report on the information in the Regional Council's annual report that we are required to audit under the *Local Government Act 2002* (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the *Local Government (Financial Reporting and Prudence) Regulations 2014*.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 18 September 2018. This is the date on which we give our report.

Opinion on the audited information – Group

Qualified Opinion on the financial statements – Limited procedures over the impairment of Yarrow Stadium

In our opinion, except for the matter described in the *Basis for our qualified opinion* section of our report, the consolidated financial statements of the Group on pages 80 to 107:

- present fairly, in all material respects:
 - the Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Opinion on the audited information – Parent

In our opinion:

- the financial statements on pages 80 to 107:
 - present fairly, in all material respects:
 - the Regional Council's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 108, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-Term plan;
- the performance information on pages 28 to 79:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 109 to 115, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-Term plan; and
- the funding impact statement for each group of activities on pages 109 to 115, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the *Local Government (Financial Reporting and Prudence) Regulations 2014* on pages 116 to 120, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

Basis of our Qualified Opinion – Group

Impairment of building assets for Yarrow Stadium

The impairment loss recognised on the Eastern and Western Stands of Yarrow Stadium that is disclosed in Note 10 of the financial statements amounts to \$15,514,988. This amount is based on knowledge to date. A further assessment has commenced on the options and costs for repairing and/or reinstating the stands, however this has not yet been completed at the time of authorising the financial statements. For this reason, there are limited audit procedures that we can perform to independently conclude the reasonableness of the asset value as at 30 June 2018.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for our opinion on the audited information – Parent

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the *Local Government Act 2002* and the *Local Government (Financial Reporting and Prudence) Regulations 2014*.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance information, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 19 and 24 to 27, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work,

or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of the audit of the 2018-2028 Long-Term Plan, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

Melissa Youngson,
Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand

Achievement of Community Outcomes

The Council operates within the following planning framework:

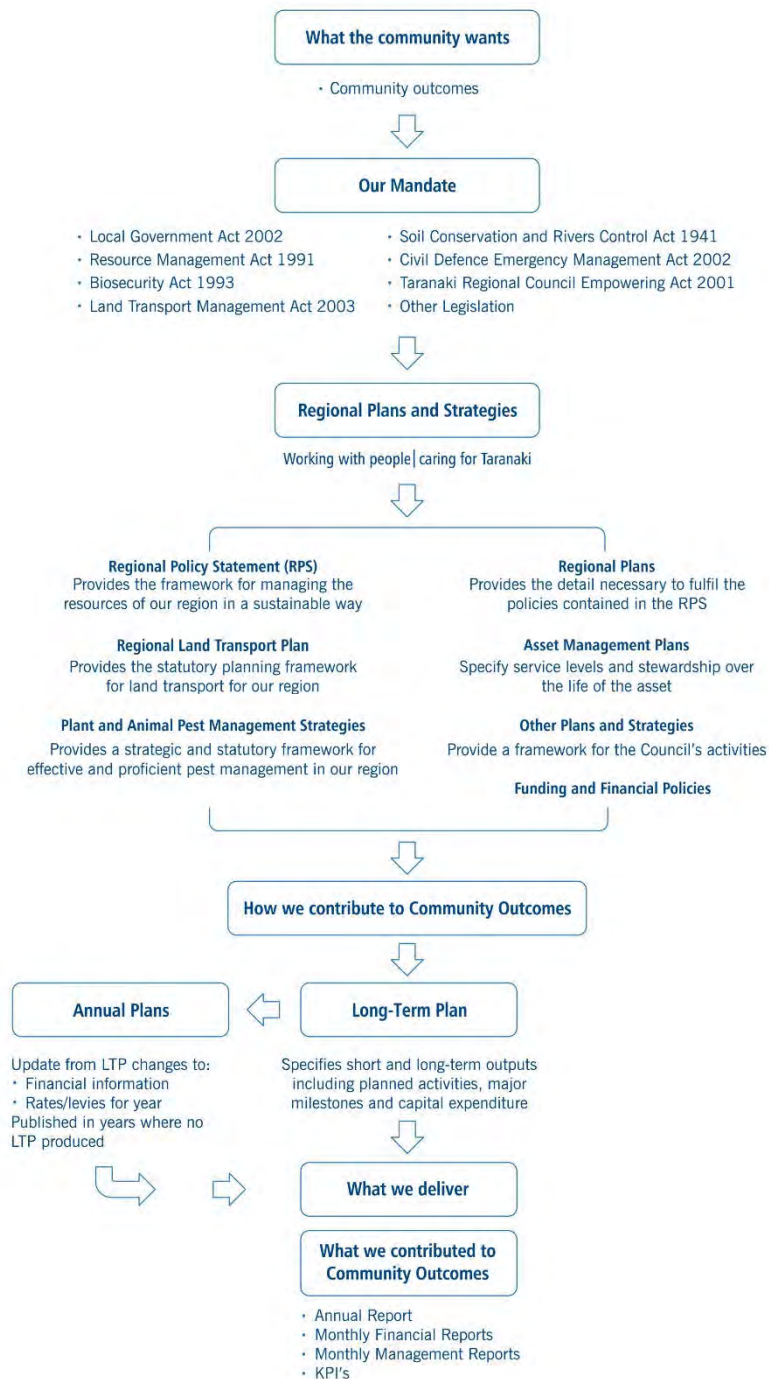


Figure 3: The Council's planning framework

Community outcomes

The *Local Government Act 2002* defines community outcomes as the outcomes that a local authority aims to achieve in order to promote the social, economic, environmental and cultural well-being of its district or region in the present and for the future.

The broad community outcomes set out below were developed following a comprehensive public process. The Council has adopted these outcomes and it aims to achieve them in carrying out its activities.

CONNECTED TARANAKI

A region that delivers accessible and integrated infrastructure, transport and communications systems, which meet the needs of residents, business and visitors.

PROSPEROUS TARANAKI

A region that boasts a sustainable, resilient and innovative economy that prospers within the natural and social environment.

SECURE AND HEALTHY TARANAKI

A region that provides a safe, healthy and friendly place to live, work or visit.

SUSTAINABLE TARANAKI

A region that appreciates its natural environment and its physical and human resources in planning, delivery and protection.

TOGETHER TARANAKI

A region that is caring and inclusive, works together, and enables people to have a strong and distinctive sense of identity.

VIBRANT TARANAKI

A region that provides high quality and diverse cultural and recreational experiences, and encourages independence and creativity.

The Council's *2018/2019 Annual Plan* lists 28 more specific community outcomes (levels of service) that the Council aims to achieve that will contribute to the broader community outcomes above. The detailed measures and targets associated with each of the specific outcomes are set out in the "Levels of service" under each of the "Groups of activities" in the *2018/2019 Annual Plan* and are reported against in this *Annual Report*.

The Council's mission statement reflects its core statutory responsibilities and activities in resource management and environmental protection, pest management and hazard and emergency management. It also reflects the Council's role in representing and advocating Taranaki's regional interests including recreation, culture and heritage activities at the regional level.

Figure 4 shows the way in which the Council aims to achieve community outcomes through its mission and the actual activities the Council carries out.

The activities shown in Figure 4 are groups of activities. The groups of activities and the more specific individual activities within them form the basis of reporting on the details of the 10-year programmes contained in the *2018/2019 Annual Plan*. However, it is the contribution of these activities to the achievement of the community outcomes that lies at the heart of the *2018/2019 Annual Plan*.



Figure 4: Relationship between the Council's mission and activities and community outcomes

Figure 4 shows how each of the groups of Council activities is linked to the relevant key community outcomes that it contributes to. The diagram shows that most of the Council's activities will contribute to furthering the community outcomes of a *Sustainable Taranaki* and a *Prosperous Taranaki*. Some activities will contribute to a *Secure and Healthy Taranaki* while others contribute to the outcomes of a *Connected, Together and Vibrant Taranaki*.

Monitoring framework and programmes

This section outlines the planning processes and shows how each of the groups of activities is linked to the relevant community outcomes.

However, the Council needs to know if its planning processes and what it delivers each year contribute to the achievement of community outcomes.

The *Local Government Act 2002* requires the Council to report the results of any measurement undertaken during the year of progress towards the achievement of community outcomes. It also requires the Council to describe any identified effects that any activity within the group of activities has had on the community.

The Council has a comprehensive monitoring framework in place with many varied and wide-ranging programmes to monitor and to report on the outcomes of its activities. The main components of this framework and their connection to the Council's planning processes are shown diagrammatically in Figure 5.

The Council's monitoring framework is complex and multitiered. It covers a range of monitoring programmes from overall state of the environment monitoring, to monitoring of specific activity areas (such as pest management, land transport and emergency management) and monitoring of individual resource consents for compliance with consent conditions and Council policies. It also covers different time scales (from live, to quarter-hourly, to daily, quarterly, annually, three yearly or five yearly or longer) according to different needs or requirements.

Monitoring is also undertaken at different geographical scales (region-wide, catchment, eco-regions, property-based or site-specific) and may involve different types of information.


In developing its monitoring programmes, the Council has sought to establish an integrated monitoring framework that recognises the need for consistency, coordination and integration of monitoring activities:

- within the Council – to generate information that is timely, relevant and useful to the Council across a number of activities
- with other agencies – to avoid duplication and to make use of other sources of information where appropriate
- across issues and media – to recognise the inter-connected nature of the biophysical economic, social and cultural environments.

Underpinning all aspects of the Council's monitoring programmes is effective data collection and management. This involves careful selection and maintenance of monitoring sites (having regard to the purpose, location, type and number of sites), proper sampling, surveying and analysis being undertaken according to recognised quality assurance programme by suitably qualified staff, and the maintenance of effective databases and data management systems. A wide range of parameters is used in monitoring and these form the foundations of the Council's monitoring framework.

The collection of information of high quality and integrity is fundamental to good decision-making. The timely analysis, interpretation and reporting of this information maintains accountability to the community and enables the Council to track its progress towards the achievement of the community outcomes that it has decided it will contribute to.

As previously indicated, the Council undertakes many measurements during the year of the progress it is making towards the achievement of community outcomes. The Council considers that it is too simplistic to select and report on only one or two parameters to show progress on community outcomes.

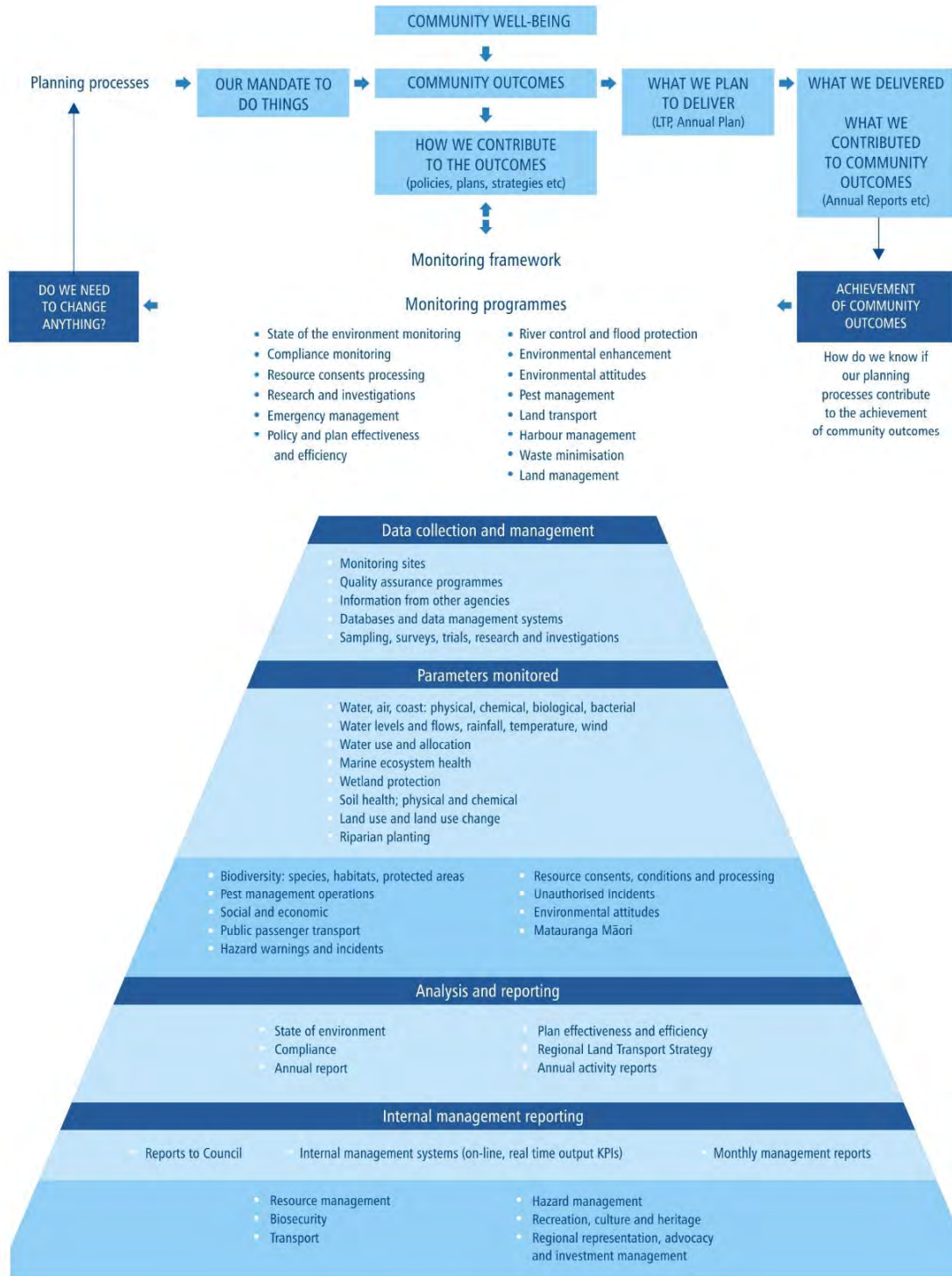


The Council's analysis, interpretation and reporting on the results of measurements undertaken is thorough and inevitably complex. Many reports are produced annually and the detailed results are set out in those reports. For example, the Council prepares particular state of the environment reports, compliance monitoring reports and various other reports on the results of Council activities. Some of the results of these reports are contained in this report, particularly under "Levels of Service" and "Activities" sections of this report. However, the results of all reports prepared by the Council during the year cannot be effectively and efficiently summarised in this report. Accordingly readers are referred to the more detailed reports on Council activities which are available on request and on the Council's website. Collectively, these reports indicate the progress that is being made towards the achievement of community outcomes and describe the effects that Council activities have had on the social, economic, environmental and cultural well-being of the community.

In July 2015, the Council published its 2015 state of the environment report: *Taranaki as One - Taranaki Tāngata Tū Tahi*. This report gives significant information on the state of Taranaki's environment, in its widest sense, which also gives much information on the achievement of community outcomes. Interested readers are encouraged to read the full state of the environment report, which can be found on the Council's website (www.trc.govt.nz).

This *Annual Report* and other reports of the Council prepared during the year show the results of progress towards the achievement of community outcomes. The Council is confident that its activities have progressed the community outcomes in the *2018/2019 Annual Plan*.

Figure 5: The Council's performance monitoring framework



Performance Information

The following pages explain in detail how the Council performed in achieving the objectives and performance targets established in the 2018/2028 Long-Term Plan for 2018/2019.

Financial information on the net cost of services delivered is also provided in conjunction with the budget established in the 2018/2028 Long-Term Plan for 2018/2019 and the previous year's actual net cost of services.

The most important measure by which performance may be judged is that of whether defined tasks have been performed or not.

The Council also intends that its performance be measured in terms of:

Timeliness—in all cases, unless stated otherwise, the target was to complete the task by 30 June 2019.

Cost—in all cases the target was to complete the tasks defined for each significant activity within the budgeted expenditure and/or within any additionally stated, specific expenditure targets.

Quantity—in all cases where a quantity measure was specified, the target was to meet that specified quantity.

Quality—in all cases the target was to meet the quality expectations of the elected Councillors. The Council has extensive quality control procedures in place to ensure a high level of quality is present in the undertaking of activities.

Location—in all cases where a location was specified, the target is to deliver the service in that location.

The actual and estimated levels of expenditure are in accordance with the Council's adopted *Revenue and Financing Policy*.

Principal legislation and policy references for each significant activity are included in the 2018/2028 Long-Term Plan.

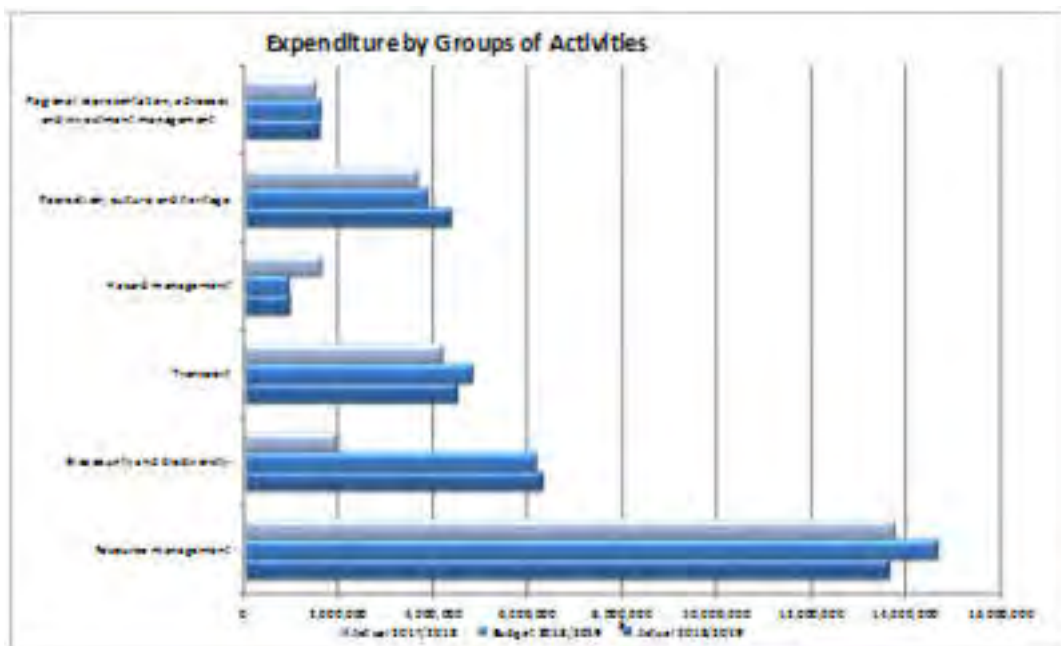


Figure 6: Expenditure by group of activities

Resource Management

Resource management comprises the following activities:

Resource management planning

—preparing, adopting and maintaining comprehensive and publicly considered policies, plans and strategies that will deliver to the Taranaki community, efficient and effective management of the Council's functions and Taranaki's natural and physical resources. This activity contributes to all levels of service (1 through 9) but is directly linked to the resource management policies, plans and strategies level of service (refer to level of service 8).

Consent processing and administration

—managing the Council's resource consenting responsibilities by efficiently and effectively providing advice on consenting obligations and processing applications—refer to levels of service 1, 2, 3, 5, 7 and 9.

Compliance monitoring programmes

—undertaking effective and efficient monitoring of resource consents and, where necessary, undertaking successful enforcement action—refer to levels of service 1, 2, 3, 5, 7 and 9.

Pollution incidents and response

—responding effectively to pollution incidents, reducing the occurrence and effects of pollution and other unauthorised incidents and, where necessary, undertaking successful enforcement action—refer to levels of service 1, 2, 3, 5, 7 and 9.

State of the environment monitoring

—monitoring the state of the environment in Taranaki to enable periodic evaluation of the state of and trends in environmental quality and of the effects of the implementation of the Council's policies and plans—this activity contributes to all levels of service (1 through 9).

Resource investigations and projects

—providing relevant research information for resource management purposes—this activity contributes to all levels of service (1 through 9).

Sustainable land management plans and plant supply programme

—promoting sustainable land and riparian management by providing land management advice and information on an individual property basis and through advocacy and facilitation—refer to levels of service 4, 5 and 6.

Enhancement grants

—promoting the protection of the environment through the provision of targeted enhancement grants refer to levels of service 5 and 6.

Resource management and community outcomes

The Resource Management group of activities contributes to community outcomes by promoting the sustainable use, development and protection of Taranaki's natural and physical resources of land and soil, water, air, coast and biodiversity in accordance with the Council's statutory duties, regional planning objectives and national policy and other standards. Specifically this group of activities contributes to the following community outcomes:

- Secure and Healthy Taranaki

- Prosperous Taranaki
- Sustainable Taranaki
- Connected Taranaki
- Together Taranaki.

Resource management activities will contribute primarily to the outcome of a *Sustainable Taranaki*. They will also assist in the achievement of a *Prosperous Taranaki* by enhancing Taranaki's clean, green image and ensuring it remains a reality in overseas markets as well as emphasising Taranaki as an attractive place to work, do business and visit.

Further information on policies and programmes

Further detailed information on the specific strategies, policies, plans and guides relating to this group of activities can be found from the following sources:

- Resource Management Act 1991
- Soil Conservation and Rivers Control Act 1941
- Local Government Act 2002
- Regional Policy Statement for Taranaki 2010
- Regional Coastal Plan for Taranaki 1997
- Proposed Regional Coastal Plan for Taranaki 2018
- Regional Fresh Water Plan for Taranaki 2001
- Regional Soil Plan for Taranaki 2001
- Regional Air Quality Plan for Taranaki 2011
- Taranaki Regional Council Requirements for Good Farm Management in Taranaki 2017
- Regional Waste Strategy for Taranaki 2011
- Resource Consent Procedures document
- Resource Consents Monitoring Procedures document
- Resource Management Act Enforcement Policy 2017
- Enforcement Provisions and Procedures, Resource Management Act 1991
- Delegations Manual for the Taranaki Regional Council
- Charging Policy under section 36 of the Resource Management Act 1991
- Sustainable Dairying and Water Accord 2013
- Taranaki Regional Marine Oil Spill Response Plan 2016
- State of the Environment Monitoring Procedures (PROMAPP procedures database).

The review of the *Regional Coastal Plan* continued. A *Proposed Coastal Plan* was publicly notified on 24 February 2018 and submissions called for. Sixty-one submissions were received and a summary of submissions report prepared and publicly notified. Further submissions were called for and 25 further submissions were received. Significant pre-hearing engagement was undertaken. A formal hearing of submissions has been organised, including the preparation and distribution of a section 42A report and revised track change version of the *Proposed Plan*. The *Proposed Coastal Plan* includes a number of important changes to the management of the Taranaki coastal environment and gives effect to the Government's revised *New Zealand Coastal Policy Statement*.

Progress on the ongoing engagement, research, investigations and information gathering underpinning the development of a *Proposed Freshwater and Land Plan* continued. Key activities were completing a study and undertaking engagement on recommended environmental flow limits, the ongoing development of a freshwater

accounting system, the setting of regional swimmability targets, and the development of draft Plan provisions giving effect to National Planning Standards.

The Council also developed of online advice on good management practices.

Consent processing was undertaken on a range of applications during the year. Resource management policy is implemented through resource consents and other mechanisms. All the consent applications were processed efficiently within the time limits set in the Act. This is the nineteenth consecutive year that this milestone has been achieved. Ministry for the Environment surveys show consent processing costs are close to the median in New Zealand reflecting efficient systems, use of technology and prudent financial management. Efficient and effective consent processing contributes to a *Prosperous* and *Sustainable* community outcome.

In terms of indicators that inform the regional community concerning our biophysical and ecological environments, the Council continues to design, implement, and report on state of the environment programmes that encompass surface and underground fresh water systems, land use, biodiversity, the coastal environs, air quality, and soil. These programmes and findings are regularly subject to independent expert review. These programmes are interrogated to inform not only on the state of our natural environment, but also trends, responses and effectiveness- does what we do make a difference?

At a time when much social media commentary is coloured by a negative view of our biophysical surroundings, it is noteworthy that many indicators collectively indicate that overall the region is making good progress towards enhancing our already good environment, while flagging areas where further progress is still desirable. This work contributes to the outcomes of a *Prosperous, Secure and Healthy*, and a *Sustainable Taranaki*.

Likewise, comprehensive and rigorous consent monitoring work shows a high level of environmental performance and compliance by our industries, municipal authorities, and farming sector, achieved through significant investment in environmental protection measures and good management practices. This commitment contributes to a *Prosperous* and a *Sustainable* community outcome.

An important component of resource management is responding to pollution and unauthorised incidents, and where necessary, undertaking successful enforcement action. A range of enforcement tools were used during the year ranging from the issuing of abatement notices to require an action to be undertaken to a prosecution for breach of the Act. Appropriate use of enforcement tools increases compliance levels and contributes to a *Sustainable* community outcome.

A relatively modest and carefully targeted specific investment in research and resource investigations is significantly extended by the engagement in national-level strategic initiatives around increasing the effectiveness of research investment across the New Zealand science sector. This has been particularly so during the implementation of recommendations arising from the review of research targeting and funding delivery in New Zealand, completion of national-level science and research roadmaps (now moving to implementation planning), and the scoping and development of a second tranche of research within the National Science Challenges at the national level. Several challenges include a Taranaki-specific or relevant component (e.g. research into natural hazards, land use management, and biosecurity).

Land management activities continue to be a focus with an increased emphasis on the implementation of property plans. In the riparian management area, which is New Zealand's largest streambank planting and fencing programme, 539,919 plants were grown on contract and purchased by landowners. Overall, in excess of 5.6 million plants have been planted under this programme. In the hill country area, there are incentives under the *South Taranaki Regional Erosion Support Scheme (STRESS)* programme to fence and plant erosion-prone land. Under *STRESS*, landowners have agreed to significant soil conservation work in the erosion-prone part of the region's hill country. The *Afforestation Grant Scheme* was reintroduced in 2016 but has now been replaced by the government's 1 Billion Trees (1BT) programme. We are assisting landowners with applications to 1BT to achieve landuse change.

Environmental enhancement grants promote a *Sustainable Taranaki* through the protection of the environment by a series of grants for specific protection works. Work was undertaken on securing protection or undertaking maintenance or enhancement on forty four regionally significant wetlands.

The combined effect of the various activities, namely the biosecurity, riparian and hill country programmes, make a significant contribution to a *Prosperous* and *Sustainable Taranaki* through the protection of animal health and agricultural production, as well as the protection and enhancement of regional biodiversity.

Levels of service

| Programmed level of service | Reported level of service | | | | | | | | | |
|---|--|---------------|---------------|-----------|---|---|-----------|---|---|---|
| 1. Protection of the life-supporting capacity of water, in-stream uses and values | | | | | | | | | | |
| <p>Measure: Macroinvertebrate Community Index (MCI) values (a measure of freshwater community richness and composition) at least 50 regionally representative sites.</p> <p>Target (Years 1-10): The proportion of sites showing a trend (whether significant or indicative) of improvement in MCI against a base year of 1995 to exceed the proportion showing decline over the same period.</p> <p>Baseline: There is a continuing regional trend of improvement in the quality of freshwater ecology across the region. MCI values were determined for 59 regionally significant sites. Trend analysis to June 2016 (from 1995) shows 30 sites of 53 with statistically significant trends of improvement, and one with a significant decline.</p> | <p>MCI values have been determined for 59 regionally significant sites and trend analysis for the period to June 2019 (from 1995) has been undertaken and reported. It shows 27 sites of 57 with statistically significant or very significant trends of improvement and no sites with a significant decline. Two sites could not be trended due to the shorter duration of monitoring at these sites. There is a decreasing downstream gradient of stream health ratings from 'very good' to 'fair' in ring plain streams. The MCI state of the environment monitoring programme continued during the year under review, with results for the 2018/2019 year to be reported during 2019/2020.</p> | | | | | | | | | |
| <p>Measure: Microbiological state of inland waters and coastal waters at bathing sites.</p> <p>Target (Years 1-10): Maintenance or increase in number of sites compliant with the 2003 Ministry of Health contact recreational guidelines.</p> <p>Baseline: There are 11 freshwater and 9 coastal water bathing sites monitored since 2003/2004. The following sites were compliant with the 2003 Ministry of Health contact recreational guidelines:</p> <table border="1"> <thead> <tr> <th></th> <th>Freshwater</th> <th>Coastal water</th> </tr> </thead> <tbody> <tr> <td>2003/2004</td> <td>6</td> <td>7</td> </tr> <tr> <td>2017/2018</td> <td>2</td> <td>6</td> </tr> </tbody> </table> <p>In 2017/2018, 79% of freshwater samples and 99% of coastal samples at these sites were compliant.</p> | | Freshwater | Coastal water | 2003/2004 | 6 | 7 | 2017/2018 | 2 | 6 | <p>Microbiological monitoring of 16 freshwater and 14 marine sites was conducted over the summer bathing season. Results show that 80% of freshwater samples were compliant with the bacteriological guidelines throughout the season.</p> <p>Three of the sites monitored for freshwater quality in 2003/2004 were compliant in 2018/2019. Four of the freshwater sites monitored in 2018/2019 that exceeded the bacteriological guideline during the monitoring season only did so on one or two occasions.</p> <p>Coastal water quality is generally high at monitored sites. In Taranaki, >99% of coastal samples at these sites were compliant and only <1% of samples reached 'Action' level. One site exceeded bacteriological guideline during the monitoring season did so on two occasions.</p> |
| | Freshwater | Coastal water | | | | | | | | |
| 2003/2004 | 6 | 7 | | | | | | | | |
| 2017/2018 | 2 | 6 | | | | | | | | |
| <p>Measure: Ecological flows in catchments.</p> <p>Target (Years 1-10): Guideline ecological flows are identified for all significant catchments with no catchments allocated below ecological flows set by Council policy or by any National Policy Statement or National Environmental Standard.</p> <p>Baseline: Guideline ecological flows had been identified for all significant catchments. Three catchments or sub-catchments (about 1%) do not meet the Council's general ecological flow guideline but all consented abstractions comply with specific Council policies regarding the taking and use of water.</p> | <p>There are no catchments allocated below ecological flows set by Council policy. Nine surface water abstraction consents were processed during the year (including new consent and renewal applications) which all complied with policy regarding ecological flows. There is no national policy statement or national environmental standard in place for ecological flows. The <i>Regional Fresh Water Plan</i> is currently being reviewed.</p> | | | | | | | | | |

Programmed level of service

Reported level of service

2. Efficient allocation of water for consumptive use

Measure: Allocation of surface water for consumptive use in catchments.

Target (Years 1-10): Guidelines identifying available surface water are applied for all significant catchments and consents to take, use, dam or divert water granted in accordance with Council policy or any National Policy Statement or National Environmental Standard.

Baseline: Water accounting systems identifying surface water available for consumptive use have been developed and consents to take, use, dam or divert water have been granted in accordance with Council policy. Regularly updated information on water allocation guideline information is published.

Hydrological monitoring and assessment of abstraction consents indicates that some waterbodies within Taranaki are fully allocated, or are approaching this threshold. As part of the on-going development of the new *Natural Resources Plan*, a review of flow statistics across the region has been undertaken and a water accounting system developed. The accounting system is now in use and is updated as flow statistics are refined or new water take consents are issued. The water accounting systems will be used to ensure consented abstraction volumes from each waterbody remain below the limits set through the plan review process.

Measure: The number of significant water abstraction permits monitored each year, their environmental performance and the Council's response to non-compliance.

Target (Years 1-10): 100% of significant water abstraction consents monitored; 85% of abstractors to attain a 'good' or 'high' level of compliance and performance; Council response to every unauthorised incident to be reported publicly; the Council to respond to all non-compliance events in accordance with its documented enforcement procedures.

Baseline: In 2017/2018, 100% of significant water abstraction consents were monitored with 94% attaining a "good" or "high" level of compliance and performance. Every unauthorised incident was reported publicly. The Council responded to all non-compliance events in accordance with its documented enforcement procedures.

Water resources are sustainably managed. Monitoring programmes are in place for 100% of significant water abstraction consents. In 2018/2019, 96% of sites attained a "good" or "high" level of compliance and performance (2017/2018, 96%). All unauthorised incidents are responded to, investigated, and publicly reported upon in accordance with adopted procedures.

Programmed level of service

Reported level of service

3. Maintenance and enhancement of overall water quality in our rivers and lakes, groundwater and coastal waters

Measure: Parameters that characterise the physical, bacteriological, biological and chemical quality of surface water.

Target (Years 1-10): Improvements in nutrient levels (ammonia, nitrate, total nitrogen, and dissolved reactive and total phosphorus), appearance (turbidity, clarity, absorbance, suspended solids), organic contamination (biochemical oxygen demand), bacterial levels (faecal coliform and enterococci bacteria), temperature, and algal cover, against a baseline of 1995 water quality, as applicable, at 11 representative sites.

Baseline: Overall, surface water quality in Taranaki is stable or improving and is generally better than in 1995. Trend analysis to June 2015, for both the past 19 and 7 years, has been completed and reported to Council. Trend analysis at the 11 regional representative sites demonstrates:

- MCI and periphyton indicators for ecological health: every site of the 11 representative sites shows stability or improvement since 1995
- BOD: 9 sites of 11 stable against 1995 baseline, and all sites are stable over the recent period
- Bacteriological state: 82% show improvement or stability since 1995
- Nutrients: the number of sites showing stability or improvement is increasing over time. Since 1995, 69% of nutrient measures stable (60%) or improving (9%); 84% of nutrient measures stable (82%) or improving (2%) over recent years. Total nitrogen has been stable (64%) or improving (27%) since 1995, and more recently stable for all sites.

Surface water quality is improving and is better than in 1995. Trend analysis to June 2018 has been completed and reported upon. Trend analysis at 11 regional representative sites demonstrates:

- MCI indicators for ecological health: every site of the 11 representative sites shows stability (3 sites; to 2010, 8 sites) or improvement (8 sites; to 2010, 3 sites) since 1995
- BOD: 9 (82%) sites of 11 stable against 1995 baseline, and one site shows improvement (11%) and the rest stable (81%) over recent years.
- Bacteriological state: 73% shows improvement (5%) or stable (68%) against 1995 baseline, and 91% stable over recent years.
- Nutrients: the number of sites showing stability or improvement is increasing over time. Since 1995, 73% of nutrient measures stable (62%) or improving (11%); 74% of nutrient measures stable (70%) or improvement (4%) over recent years. Total nitrogen has been stable (64%) or improving (27%) since 1995, and stable (73%) over the recent years.

Periphyton: the latest trend results (2002-2018) showed no sites had a significant increase in thick mat and long filaments measure. Two sites showed statistically significant decreasing levels of long filamentous algae. 93% of surveys for all sites over the last two years (2016-2018) met national periphyton guidelines. The periphyton programme continued during the year under review, with results for the 2018-2020 year to be reported during 2019/2020.

Measure: Nitrate levels in groundwater.

Target (Years 1-10): No sites in the state of the environment monitoring programme consistently above NZ human drinking water standard (NZDWS); improvement (decrease) in nitrate levels on a regional basis.

Baseline: In the latest survey, one site out of 35 was consistently above the NZDWS. Since 2002, 50% of sites sampled repeatedly have remained stable and more site have showed an improvement (28%) than deterioration (21%).

Data for the period 2016 to 2018 is currently being analysed and will be reported on during the forthcoming year. Sampling is undertaken as part of the groundwater chemical quality monitoring programme. Concentrations of nitrate have fluctuated since monitoring commenced in 2002. The median nitrate concentrations recorded at 14 long-term monitoring locations during the most recent period of monitoring (2015/2016) was less than the median recorded across the same sites in 2002. More sites (29%) display statistically significant reducing trends in nitrate concentrations (improvement) than increasing (deteriorating) trends (21%). Across the wider 32 site shallow groundwater monitoring network (including the 14 long-term monitoring sites and 18 others with shorter records), only one site consistently exceeded the limit for nitrate set out in the NZDWS. Twenty-six sites (81%) have not recorded any exceedance of the NZDWS since monitoring commenced in 2002, while 91% of sites have recorded less than one exceedance.

Programmed level of service

Measure: Physicochemical and biological parameters for quality of Lake Rotorangi.

Target (Years 1-10): The trophic state (an indication of the ecological condition as affected by nutrient enrichment) of Lake Rotorangi to remain as it was in 1988 (mesotrophic/mildly eutrophic, or the middle category of trophic states).

Baseline: The current life-supporting capacity of the lake is stable and relatively healthy (better than almost 2/3 of lakes monitored nationally). State of lake shown to continue to be mesotrophic/mildly eutrophic.

Reported level of service

The 2016-2018 State of the Environment Monitoring of Lake Rotorangi water quality and biological programme was completed in April 2019. The report shows that current life-supporting capacity of the lake is stable and relatively healthy. The trophic state of lake continues to be mesotrophic/mildly eutrophic with an insignificant rate of change. All of the four scheduled monitoring runs for the 2018/2019 year were completed as programmed.

Measure: The proportion of significant point source discharges into water monitored annually, associated consent compliance and the Council's response to non-compliance.

Target (Years 1-10): 100% of significant point sources monitored; 90% of sources to attain a 'good' or 'high' level of compliance and performance; Council response to every unauthorised incident to be reported publicly; the Council to respond to all non-compliance events in accordance with its documented enforcement procedures.

Baseline: In 2017/2018, 100% of significant point sources were monitored with 91% of significant industrial sources and 92.6% of significant agricultural sources attaining a 'good' or 'high' compliance and performance. The Council response to every unauthorised incident was reported publicly. The Council responded to all non-compliance events in accordance with its documented enforcement procedures.

The level of compliance remains high meaning environmental impacts will be minimal and sustainable resource management will be achieved. Monitoring programmes were implemented for 100% of significant point sources. 96% of significant industrial point sources attained a "good" or "high" level of compliance and environmental performance (92% in 2017/2018). Of significant agricultural sources, 90.9% (92.3%) attained a "good" or "high" compliance and performance grading. Non-compliance was addressed by the use of various enforcement mechanisms under the *Resource Management Act*. There was 1 (3) instances of serious non-compliance that resulted in a prosecution being initiated.

4. Protection of riparian land in intensively farmed (predominantly dairying) catchments

Measure: Protection of riparian land areas.

Target (Years 1-10): By 30 June 2020, 100% of riparian plan streams to be protected by fencing and 90% protected by vegetation where recommended.

Baseline: As of June 2017, 2,687 riparian management plans have been prepared recommending the planting of 5,981 km and fencing of 6,886 km of stream banks. At June 2017, 42.7% of the planting and 67.5% of the fencing had been completed resulting in 85% of riparian plan streams now protected by fencing and 70% by vegetation where recommended.

At year end, 2,889 (2,789—2017/2018) riparian management plans have been prepared recommending the planting of 6,293 (6,098) km and fencing of 7,190 (6,954) km of stream banks. At 30 June 2019, 49.4% (45.7%) of the recommended planting and 70.2% (68.3%) of the recommended fencing had been completed resulting in 86.5% (85.7%) of riparian plan streams now protected by fencing and 73.7% (71.7%) by vegetation where recommended. As a result of the ongoing changes to government freshwater policy, rules requiring the program to be complete by 2020 have not yet been put in place. This is impacting the ability for these targets to be met.

Programmed level of service

Reported level of service

5. Sustainable land use in accordance with the physical capabilities of the land and soil resources

Measure: Changes in land use.

Target (Years 1-10): Maintain a positive trend towards more sustainable land uses at monitored (representative SEM) hill country and sand country sites.

Baseline: As of 30 June 2017, the area of hill country covered by sustainable land management plans was 204,335ha. The percentage of hill country being managed sustainably between 2007 and 2012 decreased slightly from 87.4% to 87.1%. Overall, from 1994 to 2012, sustainability increased by 3.2% from 83.9% to 87.1%. Between 2007 and 2012, the area of bare sand increased slightly at 2 of the 4 sites, decreased at 1 site and with no significant change at the other. The Council's own state of the environment monitoring of all coastal sand country shows a net decrease in bare sand of 65.5 ha.

The area of hill country covered by sustainable land management plans is 206,529ha (205,425ha —2017/2018). The monitoring of sustainably managed land use, in accordance with the physical capabilities of the land and soil resources, is a 5-yearly programme. A contract with Landcare Research to repeat the project in 2018 has been completed. The percentage of hill country being managed sustainably between 2012 and 2017 has stayed relatively the same at 86.9%. Overall, from 1994 to 2017, sustainability increased by 3% from 83.9% to 86.9%. Between 2012 and 2017, the area of bare sand decreased significantly at all 4 sites.

Measure: Regional soil quality.

Target (Years 1-10): No overall deterioration in soil quality at 20 representative sites as shown by monitored soil structure parameters (density and macroporosity) maintenance of soil fertility at optimal (i.e. sustainable and productive) levels as shown by nutrient levels (total carbon and nitrogen, and Olsen phosphorus and mineralisable nitrogen) and no net increase in regional soil levels of cadmium and zinc to the extent that land use is compromised. The last survey was in 2017/2018, and the next will be in 2022/2023.

Baseline: Measurements of soil quality structure, composition and health at 20 sites were undertaken in 2007/2008 as the baseline for further trend analysis. Re-sampling was undertaken in 2012/2013. Results show increases in the number of soil quality indicators lying within target ranges and no net increase in cadmium.

The monitoring of regional soil quality is a five-yearly programme. Sampling was completed for the latest survey. Twenty sites were sampled and results indicated 71% of samples were within the target ranges. There was no overall significant change in soil cadmium concentrations. The results showed general pattern in soil quality are similar to those found in other regions.

6. Enhanced opportunities for sustainable development and best use of hill country

Measure: Proportion of landowners informed of specific opportunities for sustainable land use on their properties.

Target (Years 1-10): 69% of hill country in private ownership (306,000 ha) with comprehensive farm plans.

Baseline: As at 30 June 2017, 204,335ha of private land have a farm plan.

There are 450 (443—2017/2018) comprehensive farm and agroforestry plans in place covering 206,529ha (205,425ha) on the 840 Taranaki hill country farms, covering 67.5% (67%) of the hill country land in private ownership. This provides a basis for landowners to make decisions on the most sustainable land uses for their properties.

Programmed level of service

Reported level of service

7. Maintenance of a high standard of ambient air quality

Measure: National Environmental Standard (NES) pollutants, namely sulphur oxide, nitrogen oxides, inhalable particulate, and carbon monoxide.

Target (Years 1-10): Regional air quality to be maintained (i.e. at 2008 levels) within categories as defined by the Ministry for the Environment (MfE).

Baseline: Between 2008 and 2015, air in the region matched the 'good' or 'excellent' categories of the MfE. Where monitoring repeated previous surveys, it was found that air quality was being maintained.

There is good air quality in the region, with negligible contribution from human activities. There is a co-ordinated programme of regional monitoring across a ten-year timeframe. In February 2016, continuous monitoring of fine particulate matter PM_{2.5} (potential health risk) commenced in central New Plymouth and continues to date; the data is currently being analysed and will be reported in due course. In June 2018, the MfE started a review of the *National Environmental Standard* (NES) for air quality. This has not been completed.

Measure: The proportion of significant point source discharges into air monitored annually, associated consent compliance and the Council's response to non-compliance.

Target (Years 1-10): 100% of significant discharge point sources monitored; 90% of sources to attain a 'good' or 'high' level of compliance and performance; the Council to respond to all non-compliance events in accordance with its documented enforcement procedures.

Baseline: In 2017/2018, 100% of significant point source emissions were monitored with 97% of sources attaining a 'good' or 'high' level of compliance and performance. Council responded to all non-compliance events in accordance with its documented enforcement procedures.

The level of compliance remains high meaning environmental impacts will be minimal and sustainable resource management will be achieved. Compliance monitoring programmes were implemented for 100% of significant point sources discharging to air. Results show 97% of sources attained a "good" or "high" level of compliance and performance (97% in 2017/2018). Non-compliance was addressed by the use of various enforcement mechanisms under the *Resource Management Act*. All non-compliance events were responded to in accordance with documented enforcement procedures. Enforcement actions for 2018/2019 were collectively reported during the year and will be reported individually via annual reports.

| Programmed level of service | Reported level of service |
|---|--|
| <p>8. Resource management policies, plans and strategies that deliver efficient and effective management of the natural and physical resources of the region and are acceptable to the community</p> | |
| <p>Measure: Operative plans policies and strategies.</p> <p>Target (Years 1-10): Full compliance with statutory requirements and timetables for the preparation review and implementation of policies, plans and strategies.</p> <p>Baseline: As of June 2017, the Council has a full suite of operative <i>Regional Policy Statement</i> and regional plans (water, air, soil and coastal).</p> | <p>There is a complete suite of operative plans, policies and strategies in place.</p> <p>The review of the <i>Regional Policy Statement for Taranaki</i> (RPS) was completed and made operative 1 January 2010. A non-statutory five-yearly interim review of the RPS, which included targeted consultation was completed.</p> <p>The review of the <i>Regional Air Quality Plan for Taranaki</i> was completed and made operative on 25 July 2011. A non-statutory five-yearly interim review of the efficiency and effectiveness of the policies, rules and other methods of the <i>Plan</i> was completed.</p> <p>The review of the <i>Regional Fresh Water Plan and Regional Soil Plan</i> continued. Ongoing engagement, research, investigations and information gathering underpinning the development of a <i>Proposed Natural Resources Plan</i> continued. This included completing a study and undertaking engagement on recommended environmental flow limits, the ongoing development of a freshwater accounting system, the setting of regional swimmability targets, and the development of draft Plan provisions giving effect to National Planning Standards.</p> <p>Progress was made on the review of the <i>Regional Coastal Plan</i>. In February 2018, a <i>Proposed Coastal Plan</i> was released for public consultation with 61 submissions being received. A summary of submissions report was then prepared and publicly notified. Further submissions were called for and 25 further submissions were received. Significant pre-hearing engagement was undertaken. A formal hearing of submissions has been organised, including the preparation and distribution of a section 42A report and revised track change version of the <i>Proposed Plan</i>.</p> |
| <p>9. Efficient and effective resource consent processing, compliance monitoring and enforcement</p> | |
| <p>Measure: Compliance with Resource Management Act 1991 requirements.</p> <p>Target (Years 1-10): 100% compliance.</p> <p>Baseline: As of June 2017, processing, administering and compliance monitoring of resource consents was 100% compliant with Resource Management Act requirements.</p> | <p>All consents (100%—2017/2018) processed during the period complied with <i>Resource Management Act</i> requirements, and full compliance with timelines allowed activities to be undertaken without delay.</p> |

Activities—what we plan to do

| Programme | 2018/2019 actual performance |
|---|---|
| 1. Resource management planning | |
| Complete preparation/full reviews and interim reviews of resource management policies, plans and strategies: | |
| <i>Regional Policy Statement</i> : Commence full review in 2019/2020 as part of the development of a combined natural resource management plan. | No action required. The <i>Regional Policy Statement</i> is current and in accordance with statutory requirements. The Strategy came into effect in 2010. A non-statutory interim review of the <i>Regional Policy Statement</i> , which included targeted consultation, was carried out in 2016/2017. |
| <i>Regional Coastal Plan</i> : Full review continued in 2018/2019 and will form part of the development of a combined natural resource management plan. | Coastal plan review ongoing with the <i>Proposed Coastal Plan</i> publicly notified February 2018. Schedule 1 Plan review process ongoing. |
| <i>Regional Air Quality Plan</i> : Commence full review in 2021/2022 as part of the development of a combined natural resource management plan. | No action required. The <i>Regional Air Quality Plan</i> is current and in accordance with statutory requirements. The Strategy came into effect in 2011. A non-statutory interim review of the <i>Air Quality Plan</i> was carried out in 2017/2018. |
| <i>Regional Fresh Water and Land Plan</i> : Full review continued in 2017/2018 and will form part of the development of a combined natural resource management plan. | Freshwater and soil plan reviews ongoing, leading to a <i>Natural Resources Plan</i> . |
| 2. Consent processing and administration | |
| Provide accurate and timely information in response to all appropriate requests for assistance in implementing Regional Plan rules. | Provided information, to assist processing 286 (308—2017/2018) consent applications, being 57 (6) publicly notified, 9 (3) limited notified and 220 (299) non-notified applications, in compliance with the <i>Resource Management Act 1991</i> . |
| Process and determine all accepted resource consent applications (approximately 400 consents per annum), in compliance with the <i>Resource Management Act 1991</i> , including compliance with statutory timeframes, and the Council's <i>Resource Consents Procedures</i> document. | Of the 286 (308) applications, 100% (100%) were processed, issued and reported on in accordance with the statutory procedures of the Act, and the Council's <i>Resource Consents Procedures</i> document. |
| Successfully defend 100% of consent decisions appealed to the Environment Court. | Fifty-seven (0) consent decisions associated with the Mt Messenger Bypass project were appealed to the Environment Court. Decisions are likely in the first quarter of 2019/2020. |
| Minimise the number and duration of resource consent hearings by resolving, through the pre-hearing process, at least 50% of submissions received on resource consent applications. | Resolved, through the pre-hearing process, 12%-8 (100%-8) of resource consent applications attracting submissions without recourse to a formal hearing. One (0) resource consent hearing was held. Sixteen out of 985 (24/24) submissions were resolved—1.6% (100%). Without the Mt Messenger Bypass project submissions in opposition, the overall resolution rate would have been 100%. |

| Programme | 2018/2019 actual performance |
|---|---|
| 3. Compliance monitoring programmes | |
| 100% of individual compliance monitoring programmes for all major consents designed, implemented and publicly reported upon (approximately 120 individual compliance monitoring programmes per annum) within the negotiated budgets and completed within nine months of the end of the monitoring period. | 100% (100%) of individual compliance monitoring programmes for all major consents designed, implemented and reported upon within the negotiated budgets and completed within nine months of the end of the monitoring period. 32 reports were completed within the nine month period but not published until after the time period.. |
| Implement and report on 100% of recommendations arising from prior year's monitoring of resource consents subject to an individual compliance monitoring programme. | Within every annual report, recommendations from previous reports are set out and their implementation reported upon. |
| Implement annual programmes for 100% of resource consents for agricultural discharges and 90% of minor industries not otherwise subject to an individual compliance monitoring programme (approximately 3,300 inspections per annum). | Undertook 270 (164) inspections of minor industrial operations (permitted activities) ensuring good environmental practices. 4 (5) reinspections were required. Completed the annual inspection round of discharges of agricultural waste (100% of issued consents), including dairy, poultry and piggery farms—1,736 (1,750) were completed. The non-compliance rate (failure to meet consent conditions) was 9.3% (7.7%) for dairy farms. All poultry and piggery farms were compliant 61 (40). 282 (191) dairy farm reinspections were undertaken to ensure full compliance. In total, 2,018 (1,941) farm dairy inspections and reinspections took place. The total number of inspections undertaken was 2,353 (2,150) a 9% increase, mainly due to forestry monitoring. |
| 4. Pollution incidents and response | |
| Respond to all consent non-compliance and implement appropriate advisory and enforcement actions to require 100% compliance with resource consents, regional plans and/or national environmental standards. | Responded to 247 (222) consent non-compliances found during routine monitoring. Appropriate enforcement action was undertaken under the Council's Enforcement Policy (2017). |
| Respond to 100% of pollution and other complaints (generally within four hours of receipt) and where appropriate instigate control, clean up and enforcement procedures, where reasonable and appropriate, and publicly report on all environmental incidents. | Responded to, and publicly reported upon, 452 incidents (414) with 100% (100%) within the required timeframe. Instigated control and clean-up where required. Appropriate enforcement action was undertaken under the Council's Enforcement Policy (2017): 239 (200) abatement notices and 112 (67) infringement notices were issued. 2 (3) prosecutions were initiated. |
| Administer and implement the <i>Taranaki Regional Marine Oil Spill Response Plan</i> as agreed with Maritime New Zealand including responding to 100% of oil spills. | Administered the <i>Tier II Taranaki Regional Oil Spill Response Plan</i> in accordance with the agreed programme. 1 (1) minor marine oil spill occurred that warranted actioning the <i>Plan</i> . Undertook 2 (2) regional marine oil spill response exercises. |
| 5. State of the environment monitoring | |
| Implement and report on 100% of the Council's state of the environment monitoring programmes comprising monitoring of surface fresh water, levels and flows, fresh water quality, groundwater quantity and quality, coastal waters, biodiversity, air quality and land use sustainability using recognized and reputable methods of data collection, analysis and reporting in accordance with the Council's <i>State of the Environment Monitoring Procedures</i> document and <i>State of the Environment Monitoring Programmes</i> . | Implemented 100% (100%—2018/2019) of the state of the environment monitoring programmes, in accordance with the prepared programmes. The Council's report <i>Taranaki as one - Taranaki Tangata Tu Tahī</i> State of the Environment report 2015 was prepared in 2014/2015 and was released at the start of the 2015/2016 year. |

| Programme | 2018/2019 actual performance |
|---|---|
| Monitor, review and where appropriate, further develop existing programmes by 30 June of each year. | Existing programmes were reviewed. These programmes will be implemented in 2019/2020. |
| Prepare and publish the five-yearly state of the environment report. The next report is due in 2020. | Work was completed on collating data, trend analysis, and information for the next state of the environment report. |
| Maintain all quality assurance programmes and information databases for hydrometric, air quality, physicochemical freshwater, terrestrial biodiversity, fresh water biological and marine biological data. IANZ registration for chemical analysis maintained. | All quality assurance programmes and information databases for hydrometric, air quality, physicochemical freshwater, terrestrial biodiversity, fresh water biological and marine biological data, were maintained. |
| Maintain public access to on-line live regional data on hydrology, meteorology, soil moisture and bathing beach water quality. Live data reported on the Taranaki Regional Council's website. | Live on-line data was maintained and reported for 40 hydrology sites (37), 29 (28) meteorology sites, 11 (11) soil moisture sites, 16 (16) freshwater sites, and 14 (13) marine bathing beach water quality sites. |
| 6. Resource investigations and projects | |
| Over the period of the <i>2018/2028 Long-Term Plan</i> the Council intends to undertake a range of resource investigations and applied research projects. These are normally undertaken in partnership with science providers, other councils or resource users but may also include a range of other parties, including iwi, as potential partners for Council resource investigations and projects. Such projects evolve over time. Specifically for 2018/2019, the Council intends to: | |
| Continue to support the "best practice dairying catchments" study in the Waiokura Stream catchment, and evaluation of data arising from this project. | Continued to monitor the ecological and physicochemical water quality parameters within the Waiokura catchment to to inform the ongoing fresh water plan policy review. |
| Support studies into the behaviour and bioavailability of cadmium and other contaminants in agricultural soils and fertilizer. | As part of the Cadmium Working Group, contributed to studies into the bioavailability and behaviour of cadmium in soils, the variability and drivers of uptake of cadmium by various plant species and bioaccumulation in livestock and evidence for management options. |
| Investigate the benefits of riparian management for ecological health. | Continued to evaluate riparian management for its ecological health benefits. |
| Engagement in "EnviroLink" and other science research opportunities, to enhance knowledge base for policy development and implementation. Projects with clear relevance and benefit to Taranaki to be adopted through "EnviroLink" and other funding opportunities. | <p>There was on-going engagement with MBE's National Science Challenges - Our Land and Water, Bioheritage, Sustainable Seas and Natural Hazards- with regard to Taranaki case studies. EnviroLink projects completed included:</p> <ul style="list-style-type: none"> • water quality sampling standards • farm scale soil mapping protocol • management options for aquatic weeds • fish passage and barrier mitigation assessment protocol • a review of marine recreational microbiological guidelines • use of eDNA for in-situ native fish monitoring • spectral analysis of coastal water quality • aerial monitoring for toxic cyanobacteria • Collaborative satellite data workspace platform <p>Worked with the Government to implement the <i>Conservation and environment</i> 20-year science research roadmap project.</p> |

| Programme | 2018/2019 actual performance |
|---|---|
| 7. Sustainable land management plans and plant supply programme | |
| Planning services. Provide property planning services to landholders. Prepare plans covering 1,000 ha of land use capability mapping in the hill country and 100 riparian plans in the intensive water management zone. | Prepared 6 (6— 2017/2018) comprehensive farm plans and 1 (2) agroforestry plans covering 1,104 (1,089) hectares of farmland. Prepared 100 (101) riparian plans covering 453 (363) kms of stream bank. 216 (131) kms of riparian management was proposed with the balance of 237 kms (232) being adequately protected. |
| Monitoring and reporting. Liaise with and monitor approximately 2,600 riparian plans and 100 farm plans and report on the implementation of the recommended fencing and planting. | Contacted land occupiers with plans on 9,724 (8,421) occasions. Supplementary advice and information was provided. 12.1% (8.4%) or 296 (202) km of the remaining recommended fencing of stream bank was fenced and 9.2% (6.6%) or 321 (233) km of streambank have been planted. 5,048 (4,752) km of stream bank has been fenced and 3,108 km planted (2,787). 2,271 ha (1,557) of retired marginal land, and 340 ha (219) of established production forest were recorded. Across all plans, 57,760 ha (55,489) of marginal land has been retired and 15,097 ha (11,806) of production forest have been established. |
| Provision of advice. When requested, provide advice on sustainable land management practices within ten working days. | Received and actioned, within 10 days, 104 (106) inquiries. Advice and assistance on sustainable land management, soil conservation and riparian management was provided. |
| Provide, on a cost-recovery basis, approximately 450,000 suitable plants for land stabilisation, soil conservation and riparian planting programmes. | Provided 547,510 (441,308) plants for sustainable land management purposes. Provided 7,591 (10,741) items of poplar and willow planting material to 113 (152) landholders. Provided 539,919 (430,567) plants to 1,209 (953) landholders, to plant approximately 300 (250) kilometres of stream margins and supplied 1,065 (1,445) sand stabilisation plants targeting 3 (3) sites. |
| Implement the South Taranaki and Regional Erosion Support Soil Conservation Programme including an estimated 4,000 poplar poles, 50ha of protection forestry and construction of 22 km of retirement fencing to retire 400 ha of marginal land. | Planted 4,184 (4,100) poles, 45.7 (20.7) ha of forestry and erected 18.6 (18.5) km of fencing to retire or protect 152.4 (211.3) ha of marginal land. |
| 8. Enhancement grants | |
| Implement a programme using environmental enhancement grants for the protection of habitats of regional significance. | Ongoing fencing, planting and maintenance has been undertaken to secure the protection of wetlands. This included work on 44 (35) regionally significant wetlands. This work means that 59 (59) wetlands are formally protected. |

Costs and sources of funds

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|--|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Resource management planning | 748,857 | 912,061 | 623,170 |
| Consent processing and administration | 898,432 | 1,102,352 | 857,906 |
| Compliance monitoring programmes | 3,548,854 | 3,285,944 | 3,083,445 |
| Pollution incidents and response | 907,552 | 937,722 | 897,531 |
| State of the environment monitoring | 2,352,612 | 2,343,291 | 2,325,093 |
| Resource investigations and projects | 388,066 | 442,908 | 283,581 |
| Waste minimisation | - | - | 103,404 |
| Sustainable land management plans and plant supply programme | 4,011,245 | 3,765,174 | 3,440,759 |
| Biodiversity | - | - | 1,475,772 |
| Enhancement grants | 775,584 | 1,857,998 | 647,533 |
| Total expenditure | 13,631,202 | 14,647,450 | 13,738,194 |
| Income | | | |
| General rates | 3,232,796 | 3,232,796 | 4,209,997 |
| Direct charges | 8,955,638 | 5,927,698 | 5,592,991 |
| Government grants | 755,563 | 1,702,000 | 309,196 |
| Transfer to reserves | (2,561,792) | - | - |
| Investment funds | 3,248,997 | 3,784,956 | 3,626,010 |
| Total income | 13,631,202 | 14,647,450 | 13,738,194 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | 99,000 | 994,000 | 105,886 |
| Plant and equipment | 152,121 | 298,061 | 148,639 |
| Office furniture | - | - | - |
| Computer equipment | - | - | - |
| Flood and river control assets | - | - | - |
| Computer software | - | - | - |
| Total capital expenditure | 251,121 | 1,292,061 | 254,525 |
| Funded by: | | | |
| Transfer from retained earnings | 251,121 | 1,292,061 | 254,525 |
| Total funding | 251,121 | 1,292,061 | 254,525 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 251,121 | 1,292,061 | 254,525 |
| Total capital expenditure | 251,121 | 1,292,061 | 254,525 |
| Gross proceeds from the sale of assets | 30,956 | 308,000 | 21,165 |
| Depreciation/amortisation expense | 378,079 | 607,532 | 440,615 |

Asset acquisitions and replacements

Planned motor vehicle purchases have been deferred.

Internal borrowing

There is no internal borrowing within this group of activities.

Biosecurity and biodiversity

Biosecurity and biodiversity comprises the following activities:

Biosecurity and biodiversity planning

—preparing, adopting and maintaining comprehensive and publicly considered policies, plans and strategies that will deliver to the Taranaki community, efficient and effective management of the Council’s biosecurity and biosecurity functions—refer to level of service 1.

Biosecurity/pest management

—controlling pest plants and animals to minimise their adverse effects on biodiversity, primary production and the regional economy and environment—refer to levels of service 2 and 3.

Biodiversity

—maintaining and enhancing the indigenous biodiversity of the Taranaki region and managing pests to limit the impact on production and environmental values, including working alongside landowners and other groups and agencies in accordance with the Council's policies and its biodiversity and biosecurity strategies—refer to level of service 4.

Biosecurity and biodiversity and community outcomes

The Biosecurity group of activities contributes to community outcomes by minimising the actual or potential impact of pest plants and animals on the environment and on the Taranaki economy and community. Specifically this group of activities contributes to the following community outcomes:

- Secure and Healthy Taranaki
- Prosperous Taranaki
- Sustainable Taranaki.

Further information on policies and programmes

Further detailed information on the specific strategies, policies and plans relating to this group of activities can be found from the following sources:

- Biosecurity Act 1993
- Local Government Act 2002
- Pest Management Plan for Taranaki 2017
- Biosecurity Strategy for the Taranaki Regional Council 2017.

Pest management planning and operational activities – both animals and plants – are to protect agricultural production and/or biodiversity values by reducing or controlling pests, preventing the spread of pests or in some cases eradicating all known infestations of pests. The implementation of the Council's pest management plan and strategy contributes to a *Sustainable and Prosperous Taranaki*.

The Council is implementing the *Pest Management Plan for Taranaki* that sets out the regulatory framework for pest management and the *Biosecurity Strategy for Taranaki* that sets out all the programmes and activities relating to pest management, including non-regulatory activities.

Old man’s beard control was expanded in the Waingongoro catchment with contractors undertaking the initial control of 17 kms of riverbank, once initial control is completed these areas will revert to landowner control.

There were no extensions of the self-help possum control programme, the total number of properties in the programme is 4,181 covering 240,200 ha. Monitoring confirms that occupiers in the self-help possum control programme have been effective in maintaining reduced possum numbers in areas treated. The mean residual trap catch for properties monitored was 6.7% (below the target of 10%) significantly reducing the adverse effects of possums.

Towards Predator Free Taranaki commenced following the announcement of \$11.6m funding over five years secured from Predator Free 2050 Limited, the government owned company set up to allocate funding towards the vision of New Zealand being predator free by 2050 in May 2018. Towards Predator free Taranaki is split into three phases of work, urban trapping, rural control and zero possums.

Urban programme has enjoyed good community support with approximately 5,000 rat traps being rolled out predominantly through New Plymouth. A further 2,000 traps have been laid through reserves adding to NPDC's existing programme, contractor are checking these traps monthly.

Rural predator control programmes targeting mustelids focussed on the Waiwhakaiho catchment including 557 properties across 14,300 hectares.

Council contractors are trailing an eradication operation targeting possums in partnership with Taranaki Mounga including the Kaitake range, surrounding farmland and the township of Oakura. This is the first eradication project involving multiple land uses. The project involves aerial 1080, ground baiting and trapping. Followed up with dogs and thermal cameras to detect and remove any survivors.

In conjunction with land owners and community groups, 27 biodiversity plans were prepared for key native ecosystems covering 1,162 hectares with the objective of protecting and enhancing biodiversity values of those sites. Technical support and planning assistance was provided to the Rotokare Scenic Reserve Trust, Tiaki Te Mauri o Parininihi Trust's project at Parininihi Whitecliffs, Rapanui Grey Faced Petrel Trust and East Taranaki Environment Trust. This year these Trusts have undertaken successful reintroductions of Pāteke (Brown Teal) and Kokako returning these taonga bird species to the region.

The Council continued to implement a regional biodiversity monitoring programme that will both measure the outcomes of the Council's biodiversity programmes and inform state of the environment reporting.

The Council administers and is the founding funder of Wild for Taranaki (Taranaki Biodiversity Trust) and employs an Operations Manager and Biodiversity Coordinator on their behalf. Throughout the year Wild for Taranaki continued to work with members and the community in preparation for the launch of "Restore Taranaki" an overarching vision that incorporates the many and varied member projects.

The combined effect of the pest management activities has made a significant contribution to a Prosperous and Sustainable Taranaki through the protection of animal health and agricultural production, as well as the protection and enhancement of regional biodiversity.

Levels of service

| Programmed level of service | Reported level of service |
|---|--|
| 1. Pest management plan that delivers efficient and effective management of biosecurity functions | |
| <p>Measure: Presence of appropriate pest management plan.</p> <p>Target (Years 1-10): Pest management plan for pest plants and pest animals is in place in accordance with statutory requirements.</p> <p>Baseline: One adopted pest management plan is in place; reviewed in 2018.</p> | <p>Pest management plan and strategy, delivering efficient and effective management of biosecurity functions, are in place in accordance with statutory requirements.</p> |
| 2. Pest animals controlled to minimize their adverse effects on biodiversity, primary production and the regional economy and environment | |
| <p>Measure: Area of the ring plain maintained under the <i>self-help possum control programme</i> at levels to reduce risks to the environment and primary production.</p> <p>Target (Years 1-10): Residual trap catch (RTC) of less than 10% across the rural area covered by the self-help possum control programme.</p> <p>Baseline: In 2016/2017, the RTC was 4.98% across the <i>self-help programme</i>.</p> | <p>The self-help possum control monitoring programme showed landholders maintained the possum population at a 6.7% (2017/2018—6.9%) residual trap catch across the self-help possum control programme area. At this level, the adverse effects of possums on biodiversity and production are significantly reduced.</p> |
| 3. Pest plants controlled or eradicated to minimize their adverse effects on biodiversity, primary production and the regional economy and environment | |
| <p>Measure: Control or eradication of “eradication” pest plants.</p> <p>Target (Years 1-10): Control of 100% of known infestations of Senegal Tea, Climbing Spindleberry, Madeira Vine, Moth Plant and Giant Reed in the region.</p> <p>Baseline: In 2016/2017, there were 152 properties where these plants were identified and controlled.</p> | <p>Control of existing eradication pest plants occurred for 100% of new and known infestations. 168 (199—2017/2018) inspections were carried out on properties known to or suspected of having had an infestation. Direct control, where it was warranted, occurred on 181 (199) properties. Of those, 84 (98) properties around the region were treated for Mignonette Vine, 17 (16) properties for Climbing Spindleberry, 2 (1) property for Senegal Tea, 46 (40) properties for Giant Reed and 19 (30) properties for Moth plant.</p> |
| <p>Measure: The extent of “sustained control” pest plants.</p> <p>Target (Years 1-10): Reduce the extent of sustained control pest plants through an inspection and monitoring programme (of Category C properties) to identify infestations requiring control.</p> <p>Baseline: 54 Category C properties in 2016/2017.</p> | <p>Undertook a total of 1,309 (2,212) property inspections. Of these, 90 (259) related to Category C (heavy infestation) properties, including a targeted programme focusing on Giant Gunnera in the Oaonui catchment. The reduction in inspections is due to intensive searching for pest plants at specific locations. This has resulted in the targeted Old Man’s Beard and Gunnera programmes achieving good reductions of these key pest species.</p> |

| Programmed level of service | Reported level of service |
|---|--|
| 4. Maintenance and enhancement of indigenous biodiversity | |
| <p>Measure: Protection of Taranaki's biodiversity on private land.</p> <p>Target (Years 1-10): Key Native Ecosystems (KNEs) on private land, covering at least 8,000ha, have a biodiversity plan.</p> <p>Baseline: As at 30 June 2017, 88 Key Native Ecosystems (KNEs) comprising 4,345ha of private land had biodiversity plans.</p> | <p>Biodiversity plans were prepared for a further 24 KNEs (14—2017/2018) on private land (1,099 ha). In total, there are 132 (104) KNEs on private land covering 5,357 (4,522) hectares with biodiversity plans. This equates to 55% (49%) of all KNE sites with private land. In addition, a further three biodiversity plans (62.6 ha) were prepared for a KNE on public land—Pukekura and Paritutu/Centennial Parks in New Plymouth and Huiroa Reserve in Stratford district.</p> |
| <p>Measure: Inventory of sites that contain regionally significant biodiversity (KNEs) in the region.</p> <p>Target (Years 1-10): Maintain and regularly update current inventory of Key Native Ecosystems (KNEs).</p> <p>Baseline: As of June 2017, the inventory contained 235 sites.</p> | <p>Maintained and updated the inventory of KNEs. The inventory of Key Native Ecosystems is regularly maintained and updated. At June 2019, the inventory contained 280 sites (252).</p> |
| <p>Measure: Maintain and improve the condition of KNEs</p> <p>Target (Years 1-10): Improvement in biodiversity index at managed KNEs compared with a base year of application of the index.</p> <p>Baseline: Repeat five year condition assessments conducted on KNEs with biodiversity plans during 2016/2017 showed that 95% either maintained or improved in condition.</p> | <p>Good progress continues in collecting baseline information for KNEs with 55 (46) assessments undertaken. In addition, 24 (19) repeat five-year condition assessments were completed at 16 (13) KNEs. From this all 24 (18) assessments showed either improved or maintained condition score.</p> |

Activities

| Programme | 2018/2019 actual performance |
|---|---|
| 1. Biosecurity and biodiversity planning | |
| <p>Undertake an interim review of the <i>Pest Management Plan for Taranaki</i> in 2022/2023 and a ten-year full review in 2027/2028.</p> | <p>The <i>Pest Management Plan for Taranaki</i> sets out the regulatory framework for pest management and the <i>Taranaki Regional Council Biosecurity Strategy</i> sets out the programmes and activities relating to pest management (adopted 2018). These documents are delivering efficient and effective management of statutory biosecurity functions.</p> |
| 2. Biosecurity/pest management | |
| <p>Dependent upon the review of the <i>Pest Management Plan for Taranaki</i>, undertake operational programmes through both the <i>Pest Management Plan for Taranaki</i> and the <i>Pest Management Strategy for Taranaki</i>, including:</p> | |
| <p>Eradication of selected pest plants.</p> | <p>Undertook direct control on 168 (199) eradication pest plant infestations. Continued control of Old Man's Beard in the Waingongoro catchment, treating 17 (12) kilometres of riverbank. Made three (2) releases of control agents to control Woolly nightshade, Tradescantia and Broom. Contributed to the Landcare biological control research programme.</p> |

| Programme | 2018/2019 actual performance |
|---|---|
| Inspection, monitoring and where necessary, enforcement of sustained control pest programmes. | Undertook 428 (579) inspections with results estimating possum populations maintained to acceptable levels: 6.7% (6.9%) residual trap catch rate across the self-help possum control programme. Undertook 1,309 (2,212) property inspections for pest plants, including a targeted programme focusing on Giant Gunnera in the Oaonui catchment Issued 195 (227) Notices of Direction for sustained control pest programmes, 19 (16) for possums and 176 (211) for plants. Undertook small scale control of unwanted plant organisms on 13 (28) occasions targeting Bone seed. |
| Raising public awareness of and respond to enquiries related to pest issues. | Responded to 149 (124) requests for advice and, where appropriate, undertaking control action regarding <i>Pest Management Plan for Taranaki</i> species. Received 366 (420) notifications providing advice and information on other pests. Undertook a publicity and education programme on pest plants. |
| 3. Biodiversity | |
| Continue to assess ecosystem sites within the region on a voluntary basis, in order to identify further key native ecosystems. | Assessments were made of fifty five natural areas, resulting in the scheduling of an additional 28 KNE's |
| Prepare at least 20 biodiversity plans per annum for properties containing key native ecosystems (KNE). | Twenty-four (14) new biodiversity plans were completed, with a further 10 (9) five-year plan reviews completed. |
| Initiate and support implementation of work programmes on all KNE's with a biodiversity plan. | Initiated implementation of 100% of plans prepared during the year. |
| Undertake a landscape scale predator eradication and management programme across the Taranaki ring plain, including urban communities. The programme will target possums (building on the successful possum self-help and urban programmes), mustelids (ferrets, stoats & weasels), rats and feral cats. Years 1-3 will focus on the Waiwhakaiho catchment, around Mt Taranaki and urban areas across the region starting in New Plymouth. Different control techniques will be trialled in both the rural and urban landscape, including the eradication of possums. | The Towards Predator Free Taranaki project is split into three phases of work, urban trapping, rural control and zero possums. The urban programme has enjoyed good community support with approximately 5,000 rat traps being rolled out predominantly through New Plymouth. A further 2,000 traps have been laid through reserves adding to NPDC's existing programme. Contractors are checking these traps monthly. Rural predator control programmes targeting mustelids focussed on the Waiwhakaiho catchment including 557 properties across 14,300 hectares. Contractors are trailing an eradication operation targeting possums in partnership with the Taranaki Mouna Project including the Kaitake range, surrounding farmland and the township of Oakura. This is the first eradication project involving multiple land uses. The project involves aerial 1080, ground baiting and trapping. Followed up with dogs and thermal cameras to detect and remove any survivors. |

Costs and sources of funds

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Biosecurity and biodiversity planning | 6,913 | 55,920 | 57,975 |
| Bio security/pest management | 3,628,299 | 3,063,701 | 1,891,173 |
| Biodiversity | 2,669,264 | 3,042,987 | - |
| Total expenditure | 6,304,476 | 6,162,608 | 1,949,148 |
| Income | | | |
| General rates | 2,076,428 | 2,076,428 | 796,288 |
| Direct charges | 2,179,041 | 1,755,098 | 88,910 |
| Transfer from reserves | - | - | - |
| Transfer to reserves | (100,000) | (100,000) | (100,000) |
| Investment funds | 2,149,007 | 2,431,082 | 1,163,950 |
| Total income | 6,304,476 | 6,162,608 | 1,949,148 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | - | 162,000 | 268,791 |
| Plant and equipment | 44,910 | 24,000 | 23,243 |
| Office furniture | - | - | - |
| Computer equipment | - | - | - |
| Flood and river control assets | - | - | - |
| Computer software | - | - | - |
| Total capital expenditure | 44,910 | 186,000 | 292,034 |
| Funded by: | | | |
| Transfer from retained earnings | 44,910 | 186,000 | 292,034 |
| Total funding | 44,910 | 186,000 | 292,034 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 44,910 | 186,000 | 292,034 |
| Total capital expenditure | 44,910 | 186,000 | 292,034 |
| Gross proceeds from the sale of assets | - | 38,000 | 38,696 |
| Depreciation/amortisation expense | 120,301 | 64,479 | 63,156 |

Asset acquisitions and replacements

Planned motor vehicle purchases have been deferred.

Internal borrowing

There is no internal borrowing within this group of activities.

Transport

Transport comprises the following activities:

Regional land transport planning

—contributing to an effective, efficient and safe land transport system in the public interest—refer to level of service 1.

Public transport

—promoting the provision of community public transport in Taranaki and assist the transport needs of the transport disadvantaged—refer to level of service 2.

Harbour management

—promoting safe navigation for all users of the waters of Port Taranaki—refer to level of service 3.

Transport and community outcomes

The Transport group of activities contributes to community outcomes by contributing to an effective, efficient and safe land transport system in the public interest by facilitating growth and economic development, reducing safety risk, maintaining and improving accessibility and public health, ensuring a regionally and nationally integrated transport network that is resilient and responsive and addresses these in an environment of constrained funding and affordability. Specifically this group of activities contributes to the following community outcomes:

- Secure and Healthy Taranaki
- Prosperous Taranaki
- Sustainable Taranaki
- Connected Taranaki
- Together Taranaki
- Vibrant Taranaki.

Further information on policies and programmes

Further detailed information on the specific strategies, policies and plans relating to this group of activities can be found from the following sources:

- Local Government Act 2002
- Land Transport Management Act 2003
- Maritime Transport Act 1994
- Regional Land Transport Plan for Taranaki
- Regional Public Transport Plan for Taranaki.

There was an ongoing focus on strong advocacy on many fronts with respect to land transport activities, particularly with regard to securing central government investment in regionally important state highway improvements.

Work continued on progressing the *SH3 Awakino Gorge to Mt Messenger Programme*. Through the Regional Transport Committee and as a participant in the State Highway 3 Working Party, there was a continued engagement with the NZ Transport Agency on the three projects within this Programme:

- Mt Messenger Bypass project - appeals against the project's resource consents have put pressure on the planned construction start date in late 2019
- Awakino Tunnel Bypass project - tender has been let and works are expected to start in October 2019
- Corridor-wide safety and resilience improvements - construction works continued during the year.

Support of the inter-regional cross-sector State Highway 3 Working Party continued to see relationships between the member organisations strengthen, in particular the relationship with the Waikato Regional Council. The Mt Messenger and Awakino Tunnel bypass projects reflect the value of working collaboratively on land transport issues.

Two Working Party meetings were held during the year, in October 2018 and March 2019. A key outcome of the March 2019 meeting was to establish a sub-group to maintain a listing of issues/improvements along the corridor, helping to focus the Working Party on future improvements and aligning any proposed improvements with each three-year funding cycle.

There was continued advocacy and support for the prioritisation of a stock truck effluent disposal site being constructed on SH3 near Piopio, along with an upgrade/replacement site in the Mt Messenger vicinity which addresses the capacity needs of the Ahititi stock truck disposal site.

Specific advocacy work has also continued to secure improvements to the Forgotten World Highway (SH43), including sealing of the remaining 12 kilometre section. A bid to secure funding through the Government's Provincial Growth Fund was initiated. The Fund presented the region a new opportunity outside of the National Land Transport Fund to complete the sealing of the corridor and improve the emerging tourism link between Stratford and Ruapehu districts.

As required by the *Land Transport Management Act 2003*, a mid-term review of the *Regional Land Transport Plan 2015-2021* (RLTPlan) was completed for the 2018/2019-2020/2021 period just prior to the start of the year. The RLTPlan remained operative throughout the year. The RLTPlan has two parts – one relating to policy and strategy, the other to the programme matters of projects, funding, priorities and timing. The strategic direction component informs the projects and activities proposed for funding.

During the 2018/2019 year, four requests to make minor variations to the RLTPlan were received as follows:

- from the New Plymouth District Council, to install automatic safety gates at the Weymouth Street pedestrian crossing over rail
- from the NZ Transport Agency, to add a new project 'Taranaki State Highway LED Street Lighting Upgrade'
- from the New Plymouth District Council, to add a new project 'Coastal Pathway Extension from Bell Block to Waitara'
- from the NZ Transport Agency, to add a new project 'Taranaki State Highway Speed Management Guide Implementation'.

The first three requests were approved, while further information was sought from the applicant in regard to the fourth request.

The *Regional Public Transport Plan for Taranaki 2014/2024* (RPTP) remained operative throughout the year. The RPTP describes the public transport services proposed to be provided in the region, and sets out a programme of action and associated policies.

- On the advocacy front, submissions were made on the:
 - Ministry of Transport's *Land Transport Rule Regulatory Stewardship (Omnibus) Amendment 2018*
 - Minister of Transport's announcement on the State Highway 3 Waitara to Bell Block project
 - Waikato Regional Council's Road Safety Questionnaire
 - Ministry for Primary Industries' review of the *Walking Access Act 2008*
 - Ministry of Transport's Enhanced Drug Impaired Driver Testing Discussion Document

The region's public transport services continued with the Citylink (New Plymouth, Bell Block, Waitara and Oakura) service recording 618,407 passenger trips, an increase of 27,265 (5%) from 2017/2018. The increase is as a result of higher school student numbers travelling on the buses.

The Connector (Hawera to New Plymouth) recorded 28,963 passenger trips, down 1,340 (-4%). WITT students and Taranaki District Health Board passengers made up 33% and 11% respectively of all passengers but both recorded a decrease in patronage compared to 2017/2018. This is the main reason the annual patronage figure decreased this year.

Of the three Southlink (South Taranaki) services, one showed an increase in patronage whilst the other two recorded reduced numbers. Patronage on the Opunake to New Plymouth service was 811, a decrease of 10%. Opunake to Hawera (including Manaia to Hawera) patronage was 230, down 40% whilst the Waverley to Hawera patronage was 6,577, an increase of 5%. Reduced fares were introduced mid-year on both the Waverley to Hawera and Opunake to Hawera services in an effort to remove fare price as a barrier to travelling.

Passenger transport activities also included continued funding of Total Mobility services for people with impairments throughout Taranaki. Within the Total Mobility scheme 49,009 trips were made by 1,644 clients. This figure is up 4,911 (11%) trips made in the previous year. The Ironside Vehicle Society also continued to receive funding assistance to a total of \$65,000. Total trips recorded was 5,753, a decrease of 157 (-2%) trips, with 5,260 (78%) specifically involving passengers who required the use of wheelchair hoists.

A key public transport enhancement project continued to be progressed in 2018/2019. Council are one of nine authorities with the responsibility for delivering public transport throughout the country collaboratively working on implementing a new passenger ticketing system.

The land transport activities contribute to the community outcomes of a *Secure and Healthy, Connected, Prosperous and Sustainable Taranaki*.

Levels of service

| Programmed level of service | Reported level of service |
|--|--|
| <p>1. Land transport policies and activities that deliver efficient, effective and value for money transport solutions, land transport infrastructure and services for Taranaki</p> | |
| <p>Measure: Presence of an appropriate <i>Regional Land Transport Plan for Taranaki</i>.</p> <p>Target (Years 1-10): A <i>Regional Land Transport Plan for Taranaki</i> that is kept current in accordance with statutory requirements.</p> <p>Baseline: The <i>Regional Land Transport Plan for Taranaki 2018/2019-2020/2021</i> is current and operational.</p> | <p>The <i>Regional Land Transport Plan</i> is current and in accordance with statutory requirements. The Plan, as revised by the mid-term review in 2017/18 for the period 2018/2019-2020/2021, came into effect from 1 July 2018.</p> |
| <p>2. Provision and increasing use of public transport services</p> | |
| <p>Measure: Annual number of passenger trips on the region's public transport services.</p> <p>Target (Years 1-10): Annual Increase in the number of passengers carried.</p> <p>Baseline: Between 2008/2009 and 2016/2017, passengers on community passenger transport services in the region grew from 349,607 to 614,815.</p> | <p>There were 649,874 (2017/2018—624,286) passengers carried on the region's public transport services. This is an increase of 4% on 2017/2018.</p> |
| <p>3. Safe navigation for all users of the waters of Port Taranaki and its approaches</p> | |
| <p>Measure: The number of reported navigation safety incidents within Port Taranaki and its Approaches.</p> <p>Target (Years 1-10): No significant incidents.</p> <p>Baseline: There have been no significant incidents in the last 10 years.</p> | <p>There were 977 (958) vessel movements undertaken through Port Taranaki. No (0) significant incidents involving unsafe navigation practices were reported within Port Taranaki and its approaches. However, there was one near miss incident</p> |

Activities

| Programme | 2018/2019 actual performance |
|--|--|
| 1. Regional land transport planning | |
| Complete preparation/full reviews and interim reviews of the transport policies, plans and strategies: | |
| Review, monitor and make adjustments to the regional land transport plan, as required, in accordance with statutory requirements. | Three variations to the Plan were processed during the year. An <i>Annual Monitoring Report</i> was published in September 2018. |
| Complete a full review of the <i>Regional Land Transport Plan 2021/2022-2026/2027</i> during 2020/2021. | The mid-term review was completed and adopted in June 2018. |
| Complete a mid-term review of the <i>Regional Land Transport Plan 2021/2022-2026/2027</i> during 2023/2024. | The mid-term review was completed and adopted in June 2018. |
| Review and make adjustments to the <i>Transport Activity Procurement Strategy</i> , as required, in accordance with statutory requirements. | The regional component of the <i>Strategy</i> was implemented through a number of activities undertaken. These were regularly reported on. |
| 2. Public transport | |
| Provide Total Mobility subsidy assistance to qualifying persons through the New Zealand Transport Agency supported <i>Total Mobility Scheme</i> . | Provided Total Mobility Scheme services to the targeted areas—49,009 (44,098—2017/2018) passenger trips were made. An additional 6,753 (6,910) trips were made by the Ironside Vehicle Society. |
| Operate public transport services in the New Plymouth district and regional Taranaki consistent with the <i>Regional Public Transport Plan</i> subject to funding approval from the New Zealand Transport Agency and the availability of local share funding. | Passenger transport services in New Plymouth urban areas and regional Taranaki were operated consistent with the <i>Regional Public Transport Plan</i> . |
| Monitor the region's bus service contracts including patronage growth and fare box recovery. Monitor the commerciality ratio of the region's public transport services and publish the ratio annually. | Patronage on the Citylink service was 618,407 (591,142) up 5%. Patronage on the Connector was 28,963 (30,303) down 4%. Waverley to Hawera was up 3% with patronage of 1,259 (1,223). Opunake to Hawera was down 40% with patronage of 434 (720). Opunake to New Plymouth was down 10% with patronage of 811 (898). Farebox recovery for all services was 38.1% (38.6%). The commerciality ratio for the region's public transport services was 39% (40%). |
| Provide financial assistance to the Ironside Vehicle Society subject to funding eligibility criteria being met. | Funding of \$65,000 (\$54,000) was provided to the Ironside Vehicle Society for carriage of disabled persons in restricted areas. |
| 3. Harbour management | |
| Provide harbourmaster and harbour warden services for Port Taranaki and implement the <i>Navigation Bylaw for Port Taranaki and Approaches</i> . No significant breaches of the requirements of the <i>New Zealand Port and Maritime Safety Code</i> , including the <i>Port Taranaki Harbour Safety Management System</i> . | External arrangements are in place for harbourmaster services. There were 977 (958—2017/2018) vessel movements. No (0) unsafe navigation practices were reported. However, there was one near miss incident. The <i>Navigation and Safety Bylaws for Port Taranaki and its Approaches</i> continues to be enforced. There were no significant breaches of the <i>Port Taranaki and Harbour Safety Management System (HSMS)</i> . The HSMS was reviewed during the year with only minor changes required. |

Costs and sources of funds

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Regional land transport planning | 92,306 | 109,951 | 131,267 |
| Passenger transport | 4,349,437 | 4,652,884 | 4,005,036 |
| Harbour management | 44,363 | 46,500 | 38,774 |
| Total expenditure | 4,486,106 | 4,809,335 | 4,175,077 |
| Income | | | |
| General rates | 204,874 | 204,874 | 146,089 |
| Targeted rates | 1,207,670 | 1,207,670 | 858,207 |
| Direct charges | 1,127,279 | 1,174,360 | 1,088,030 |
| Government grants | 1,947,194 | 1,944,423 | 1,866,109 |
| Government grants – for capital | 132,851 | - | 85,639 |
| Transfers from reserves | 40,000 | 40,000 | 40,000 |
| Transfers to reserves | (1,665) | (1,858) | (3,367) |
| Investment funds | (172,097) | 239,866 | 180,009 |
| Total income | 4,486,106 | 4,809,335 | 4,260,716 |
| Operating surplus/(deficit) | - | - | 85,639 |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | - | - | 21,140 |
| Plant and equipment | 209,279 | - | 136,371 |
| Office furniture | - | - | - |
| Computer equipment | - | - | - |
| Flood and river control assets | - | - | - |
| Computer software | - | - | 15,000 |
| Total capital expenditure | 209,279 | - | 172,511 |
| Funded by: | | | |
| Transfer from retained earnings | 209,279 | - | 172,511 |
| Total funding | 209,279 | - | 172,511 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 209,279 | - | 172,511 |
| Total capital expenditure | 209,279 | - | 172,511 |
| Gross proceeds from the sale of assets | - | - | 14,348 |
| Depreciation/amortisation expense | 7,293 | 144,200 | 5,876 |

Asset acquisitions and replacements

Asset acquisitions includes the Regional Integrated Ticketing Project. This is a joint procurement project with other regional councils that has been delayed. It was budgeted for in previous years.

Internal borrowing

There is no internal borrowing within this group of activities.

Hazard Management

Hazard management comprises the following activities:

Civil defence emergency management

—supporting, within the Taranaki community and Iwi, an integrated comprehensive emergency management system including hazard awareness, reducing risk, maintaining readiness, and providing response and recovery capacity and capabilities—refer to levels of service 1, 2 and 3.

Flood management and general river control

—providing accurate and timely flood warnings, providing flood control advice and undertaking minor works and associated actions (audit of regional plans and consent applications to ensure activities are undertaken without an increased risk of flooding and river erosion) to minimise and prevent damage by floods and river erosion—refer to level of service 4.

River control schemes

—managing and maintaining river control scheme works to accepted design standards to minimise and prevent damage by floods and river erosion—refer to level of service 4.

Hazard management and community outcomes

The Hazard management group of activities contributes to community outcomes by enhancing the safety and wellbeing of the public and the protection of property from hazards and minimising and preventing damage by floods and river erosion. Specifically, this group of activities contributes to the following community outcomes:

- Secure and Healthy Taranaki
- Prosperous Taranaki
- Sustainable Taranaki.

Further information on policies and programmes

Further detailed information on the specific strategies, policies and plans relating to this group of activities can be found from the following sources:

- Civil Defence Emergency Management Act 2002
- National Civil Defence Emergency Management Plan 2005
- National Disaster Resilience Strategy 2019
- Taranaki Civil Defence Emergency Management Group Plan 2018
- Taranaki Civil Defence Emergency Management Annual Business Plans
- Soil Conservation and Rivers Control Act 1941
- Resource Management Act 1991
- Land Drainage Act 1908
- Lower Waitara River Flood Control Protection Scheme asset management plan
- Lower Waiwhakaiho Flood Control Protection Scheme asset management plan
- Okato Scheme asset management plan
- Opunake Flood Control Scheme Asset Management Plan
- Waitotara Scheme Management Plan.

Civil defence emergency management (CDEM) in Taranaki is delivered through a single organisational CDEM Group (CDEMG) structure. The region's four councils form the Group, which is supported by a number of advisory and co-ordination groups and the Co-ordinating Executive Group (CEG), comprising staff representatives of the local authorities, emergency services, Health Board, and the Group's advisory groups. The four key areas of activity are hazard identification and risk reduction, community readiness, response capability and delivery, and recovery planning and implementation. There is increasing emphasis upon the first two, so that the likelihood and/or scale of consequences of a major event are reduced. The emphasis is always on enabling communities to take responsibility for their own wellbeing rather than be reliant on outside or agency assistance.

The *Civil Defence Emergency Management Act 2002* requires an all hazards approach to emergency management, encompassing not only natural hazards but also events such as human and animal pandemics and technological failures and catastrophes.

The Council's activities include engaging with the region's three territorial authorities to promote land use management as a means of reducing community vulnerability, alongside the Council's own land use and river management. Through its membership of the Group, the Council supports awareness and preparation at both the individual and community level, the provision of an appropriate level of trained personnel and facilities, and co-ordination of the various agencies who would have a role in any significant event. Administration of the Group's Taranaki Emergency Management Office has been delegated by the Council to the New Plymouth District Council. This was the first year of implementation of the *Civil Defence Emergency Management Group Plan for Taranaki 2018-2023*, which carries a focus on community resilience (social and economic) alongside organisational upskilling. It came into effect on 1 July.

River control and flood protection activities are focused on ensuring that risks associated with flooding and river control are appropriately managed. The activities include flood protection schemes in the Lower Waitara, the Lower Waiwhakaiho, the Waitotara River, Opunake Township, the Stony River and the Kaihihi Stream, as well as minor river control works and the provision of advice.

All schemes were maintained to their design standards.

The Lower Waiwhakaiho Flood Control Scheme and the Lower Waitara River Flood Control Scheme provide 1% Annual Exceedance Probability (AEP) flood protection (1 in 100-year) to the businesses and residents in the area included within the scheme with an allowance for the effects of climate change to 2060. This is a very high level of protection, consistent with similar areas across New Zealand.

Channel clearance works and maintenance of the cleared channel has continued in the Waitotara River and its major tributaries. Willow pole planting has been undertaken at strategic locations to control erosion. The risk of flooding to the Waitotara Township and low-lying farmland has been reduced as a result of this work.

The Opunake Flood Protection Scheme was completed in 2018 and provides 1% Annual Exceedance Probability (AEP) flood protection (1 in 100-year) to the businesses and residents in the area included within the scheme with an allowance for the effects of climate change to 2065. This is a very high level of protection, consistent with similar areas across New Zealand.

Channel alignment work was undertaken on the Stony River in the vicinity of the SH45 Bridge to ensure that the river remained in a central alignment that facilitated gravel transport and prevented land erosion.

Monitoring and inspections were undertaken on the Kaihihi Stream to ensure channel alignment and manage erosion.

The provision of river control services provides protection to people and property and thereby contributes to a *Prosperous, Sustainable and Secure and Healthy Taranaki*.

Levels of service

| Programmed level of service | Reported level of service |
|---|---|
| <p>1. A Civil Defence Emergency Management (CDEM) system that delivers efficient and effective civil defence emergency management in Taranaki that is acceptable to the community</p> | |
| <p>Measure: Presence of an appropriate Civil Defence Emergency Management system.</p> | <p>The 2018/2023 Group Plan has been adopted. An annual business plan and budget to implement the Plan was confirmed. Programmes providing and resourcing administration and community engagement, and lifting levels of equipment, resourcing, and training as set out in the new Group Plan, was implemented. The CDEM functions across Risk reduction, Readiness, Response and Recovery, to be administered and reported via monitoring and evaluation, structures/delivery, and funding activities of the Group, and the roles and responsibilities of its members across local CDEM coordination and delivery, community resilience and preparedness, and integration of hazard and risk information with local planning and risk reduction, have been incorporated in the revised Group Plan.</p> |
| <p>Target (Years 1-10): A <i>Civil Defence Emergency Management Group Plan</i> that is kept current and resourced in accordance with statutory requirements.</p> | |
| <p>Baseline: Statutory reviews of the <i>Civil Defence Emergency Management Group Plan for Taranaki</i> are undertaken and implemented through annual work programmes. The <i>Plan</i> will be reviewed in 2023.</p> | |
| <p>Measure: Delivery of Administrating Authority requirements.</p> | <p>The CDEM Group accepted a proposal that the NPDC become the administering authority via contract to the Council. The work plan, resourcing, and budgeted income and expenditure for 2018/2019 to cover off administering authority requirements was agreed by and subsequently reported to the Group. Contracts for key roles (group controllers, group recovery and group welfare managers) are on-going to ensure availability of suitably trained and competent personnel.</p> |
| <p>Target (Years 1-10): Administrating Authority requirements for Civil Defence Emergency Management are delivered as specified.</p> | |
| <p>Baseline: All Administrating Authority requirements are currently delivered as specified.</p> | |
| <p>2. Effective hazard assessment and disaster risk management, community resilience, and emergency readiness and response capability and capacity in the region to levels that are acceptable to the community</p> | |
| <p>Measure: Level of capacity and capability within Taranaki CDEM.</p> | <p>MCDEM scored the Group's readiness and response capability (2014/2015) above the designated MCDEM target. Benchmarking and reporting of future improvements is included in the new Group Plan. Training for volunteers and member councils continued as a priority. The work plan also covered completion of lifelines inter-vulnerability and fuel provision studies; community preparedness planning; strategic recovery planning; corrective action implementation; iwi and marae engagement; auditing and maintenance of ECC (regional) and development of EOC (local) systems including updates of Standard Operating Procedures for commonality, equipment and facilities, resourcing and records; and undertaking training and deployment exercises. District council EOCs were audited and remedial actions identified. Regional fuel supply and lifelines vulnerability studies were initiated.</p> |
| <p>Target (Years 1-10): Group capability and capacity to be maintained at or enhanced above the level as set out in the <i>Group Plan</i> and as assessed by the MCDEM monitoring and evaluation analysis tool.</p> | |
| <p>Baseline: The Group's capability and capacity is set out in the operative <i>Group Plan</i> and has been assessed and recorded by the MCDEM monitoring and evaluation analysis tool in 2015.</p> | |

Programmed level of service

Measure: The Emergency Management Office to be implementing effective multi-agency advisory group planning, hazard contingency plans, and standard operating procedures to minimise harm or damage to people and property arising from an emergency.

Target (Years 1-10): Response and recovery is carried out in accordance with established plans and procedures in order to minimise harm or damage to people and property, and reviewed for corrective actions.

Baseline: Response and recovery plans and procedures are set out in supporting plans and Standard Operating Procedures within the Emergency Management Office as listed in the operative Group Plan.

Reported level of service

Response and recovery personnel and protocols were in place. The CDEM work plan for 2018/2019 prioritised the appointment and training of Group and local controllers and recovery managers. Common sets of ECC/EOC activation protocols were being developed during 2018/2019. The Group is required to develop a strategic recovery plan. Work on this was continuing. A comprehensive collation of existing and proposed plans and procedures to enhance response and recovery was scheduled for delivery over the next 5 years. A localised tornado in New Plymouth in August required a response at district level. A corrective actions implementation programme implementing the findings of previous responses and events over the last 2 years was put in place. A flood response plan was finalised.

3. Effective CDEM Group Office servicing the needs of the CDEM Group area stakeholders and partners

Measure: CDEM Group Office performance monitoring.

Target (Years 1-10): Support the Emergency Management office to prepare, implement, monitor and report upon the *Taranaki Civil Defence Emergency Management Annual Business Plan*.

Baseline: The current *Taranaki Civil Defence Emergency Management Annual Business Plan* is being implemented, monitored and reported upon.

The Group adopted an annual business plan and budget, and it was implemented. Six key activity areas were identified: (i) governance arrangement and accountability, including future work plans and administration of advisory groups, the Co-ordinating Executive Group (CEG) and the CDEM Group meetings; (ii) disaster risk identification and reduction, management, strengthening risk planning and integration; (iii) organisation resilience, focusing on operational systems and protocols for emergency operations/coordination centres; (iv) community resilience through volunteer management protocols, public education, community resilience plans and development of a Group resilience strategy; (v) capability development through education and training courses; and (vi) response and recovery arrangements through appointment of local Controllers, Recovery Managers and function leads.

4. Flood protection and drainage schemes that protect life and property

Measure: The number of schemes maintained to their full service potential.

Target (Years 1-10): 100% of schemes maintained to ensure that they provide protection to the agreed standard and the scheme assets are maintained as established in the adopted asset management plans.

Baseline: As of 30 June 2017, the Waitara and Waiwhakaiho flood control schemes were maintained to their full service potential. The Waitotara and Okato river control schemes were maintained to the standard set out in their scheme management plans.

All schemes were maintained to their full service potential. Maintenance works on the Waiwhakaiho and Waitara River Schemes included the regular stopbank and berm mowing and the clearance of excess vegetation from the flood fairway. All floodgates were inspected regularly to ensure they will operate effectively when required. Erosion control works were undertaken on the Waiwhakaiho and Waitara Schemes. Willow clearing works were undertaken on the Waitotara River along with planting and layering works required to control erosion at critical locations to control the channel alignment. Channel alignment work was undertaken on the Stony River to facilitate gravel transport and prevent land erosion. Monitoring and inspections were undertaken on the Kaihihi Stream to ensure channel alignment and manage erosion. The Opuake Flood Protection Scheme was maintained in accordance with the newly adopted asset management plan.

Activities

| Programme | 2018/2019 actual performance |
|---|--|
| 1. Civil defence emergency management | |
| Support the Emergency Management office to prepare, implement, monitor and report upon the <i>Taranaki Civil Defence Emergency Management Annual Business Plan</i> . | The <i>2018/2019 Annual Business Plan for Taranaki Civil Defence and Emergency Management (CDEM)</i> was implemented. The work plan and budget for 2018/2019 was prepared and adopted, and its implementation was regularly reported on. |
| Support the Emergency Management office to implement, monitor and report upon the operative <i>Civil Defence Emergency Management Group Plan for Taranaki</i> , and draft, and notify the next Plan in accordance with the statutory review period. | The new Group Plan came into effect on 1 July 2018. The next statutory review of the Plan is due in 2023. Work on strategy recovery in Taranaki is continuing, arising from a new requirement under the CDEM Act to include this element within group plans. The Plan is being implemented and monitoring is being reported on. |
| Support the Emergency Management office to maintain, review, and as needs be, implement effective response and recovery procedures to minimise harm or damage to people and property arising from emergency events. | The Council has supported the CDEM Group's move to local response and recovery delivery (via District Council Emergency Operations Centres), and regional coordination through the Taranaki Emergency Management Office (TEMO) and the regional Emergency Coordination Centre. Specification and development of operational systems for use during response and recovery is underway and implemented. Emergency operations systems are being configured for the new operating model. A flood response plan was finalised |
| 2. Flood management and general river control | |
| Effectively monitor rainfall and river levels and issue timely flood warnings. Maintain continuous monitoring systems (100% functional) and issue timely warnings for all cases, where necessary, in accordance with the <i>Flood Event Standard Operating Procedure</i> (approximately 35 warnings per annum). | Received 37 special weather watches and warnings (62 in 2017/2018). In all instances, flood monitoring was undertaken in accordance with the <i>Flood Event Standard Operating Procedure</i> . There was no requirement to issue a flood warning during the year (5). |
| Undertake minor emergency river and flood control works when necessary. | No (0) emergency works were required. |
| Respond to 100% of requests for drainage, river and flood control advice and assistance within ten working days. | Investigated and responded to 100% (100%) of the 45 (34) requests for advice all within ten working days. |
| Facilitate river control projects for the environmental enhancement of the region's waterways. | Twelve (23) river control projects were undertaken for environmental enhancement. |
| Resource management planners are given advice to ensure regional plan rule and consent conditions will not increase the risk of flooding or river erosion. | Advice was given on all consent applications received and advice was given on a range of planning matters. |

| Programme | 2018/2019 actual performance |
|--|--|
| 3. River control schemes | |
| Manage all flood and river control schemes across the region in accordance with asset management plans or management plans; including Lower Waiwhakaiho, Lower Waitara, Okato and Waitotara Schemes. | All schemes were maintained to design standards. Maintained stopbanks and berm areas by mowing, weed control and the clearance of larger vegetation within the flood fairway. Erosion control works on the Waiwhakaiho and Waitara Rivers. Willow and poplar clearing works undertaken on the Waitotara River to maintain the capacity of the flood channel. Channel and erosion control works undertaken on the Okato Scheme. |
| Manage other minor river schemes to standards as agreed with scheme participants. | No work was required on minor schemes. |
| Implement the rural component of an Opunake Flood Control Scheme. The rural component of the Scheme will divert floodwaters from the Hihiwera Stream to the Otahi Stream and the Waiaua River. An urban component will be designed and implemented by the South Taranaki District Council. The scheme is designed to protect Opunake from a 1% Annual Exceedance Probability (one-in-100-year) flooding event. | The rural component of the Opunake Flood Protection Scheme has been constructed and is operational. |

Costs and sources of funds

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Civil defence emergency management | 379,360 | 399,236 | 1,123,427 |
| Flood management and general river control | 272,711 | 251,881 | 250,447 |
| River control schemes | 290,325 | 267,428 | 241,779 |
| Total expenditure | 942,396 | 918,545 | 1,615,653 |
| Income | | | |
| General rates | 141,757 | 141,757 | 136,980 |
| Targeted rates | 711,706 | 711,706 | 700,454 |
| Direct charges | 7 | 20,000 | 954,013 |
| Government grants | - | - | 11,500 |
| Transfers from reserves | 42,019 | - | 18,937 |
| Transfers to reserves | (41,591) | (45,651) | (65,953) |
| Investment funds | 163,733 | 165,968 | 191,308 |
| Total income | 1,017,631 | 993,780 | 1,947,239 |
| Operating surplus/(deficit) | 75,235 | 75,235 | 331,586 |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | - | - | 37,728 |
| Plant and equipment | 7,866 | - | 3,710 |
| Office furniture | - | - | 756 |
| Computer equipment | - | - | 9,741 |
| Flood and river control assets | 8 | - | 246,887 |
| Computer software | - | - | - |
| Total capital expenditure | 7,874 | - | 298,822 |
| Funded by: | | | |
| Transfer from retained earnings | 7,874 | - | 298,822 |
| Total funding | 7,874 | - | 298,822 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | 246,887 |
| —to replace existing assets | 7,874 | - | 51,935 |
| Total capital expenditure | 7,874 | - | 298,822 |
| Gross proceeds from the sale of assets | - | - | 218,325 |
| Depreciation/amortisation expense | 7,003 | 7,003 | 38,160 |

Asset acquisitions and replacements

No material asset acquisitions or replacements.

Information on core assets

Pursuant to section 6 of the *Local Government (Financial Reporting and Prudence) Regulations 2014*, the following information relates to flood protection and control works:

| | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
|---|------------------------|------------------------|
| Closing book value | 13,281,370 | 12,603,270 |
| Acquisitions constructed by the Council | 8 | 24,258 |
| Acquisitions transferred to the Council | - | - |
| Estimated replacement cost | 13,281,370 | 12,603,270 |

Internal borrowing

Improving the level of service on the Opunake flood control scheme, the Waiwhakaiho River Flood Control Scheme and the Waitara River Flood Control Scheme was funded by internal borrowing.

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|---------------------------------------|------------------------|------------------------|------------------------|
| Opening balance | 4,655,168 | 4,804,867 | 4,578,093 |
| Plus borrowed during the year | - | - | 151,766 |
| Less principal repaid during the year | 78,272 | 80,125 | 74,691 |
| Closing balance | 4,576,896 | 4,724,742 | 4,655,168 |
| Interest charged during the year | 302,664 | 315,417 | 314,152 |

Non-Financial Performance Measures Rules 2013

The Secretary for Local Government has promulgated, pursuant to section 261B of the *Local Government Act 2002*, a standard set of performance measures for flood protection and control works that are required to be applied by councils in respect of major works. Major flood protection and control works means flood protection and control works that meet two or more of the following criteria:

- operating expenditure of more than \$250,000 in any one year
- capital expenditure of more than \$1 million in any one year
- scheme asset replacement value of more than \$10 million, or
- directly benefitting a population of at least 5,000 people.

None of the Council's flood protection and control works schemes meet the threshold tests for being categorised as major. Therefore, the Council is not reporting the promulgated standard set of performance measures for this activity. The Council does not engage in any other activities covered by the *Non-Financial Performance Measures Rules 2013*.

Recreation, Culture and Heritage

Recreation, culture and heritage comprises the following activities:

Regional gardens

—ensuring that Hollard Gardens, Tūpare and Pukeiti are maintained and enhanced as regionally significant recreational and heritage amenities—refer to level of service 1.

Puke Ariki

—maintaining an ongoing partnership with the Puke Ariki regional museum and library including the use of exhibitions, presentations and services within annual projects—refer to level of service 2.

Yarrow Stadium

—facilitating the continued maintenance and development of Yarrow Stadium—refer to level of service 3.

Recreation, culture and heritage and community outcomes

The Recreation, culture and heritage group of activities contributes to community outcomes by supporting and developing regional gardens, maintaining an ongoing partnership relationship with Puke Ariki regional museum and library and ensuring the continuing maintenance and development of Yarrow Stadium as part of a prosperous and vibrant Taranaki. Specifically, this group of activities contributes to the following community outcomes:

- Prosperous Taranaki
- Vibrant Taranaki
- Sustainable Taranaki.

Further information on policies and programmes

Further detailed information on the specific strategies, policies and plans relating to this group of activities can be found from the following sources:

- Local Government Act 2002
- Taranaki Regional Council Empowering Act 2001
- Hollard Garden Asset Management Plan 2017
- Tūpare Asset Management Plan 2017
- Pukeiti Asset Management Plan 2017.

Yarrow Stadium

The Council supports the long-term maintenance and development of Yarrow Stadium through the Taranaki Stadium Trust (the Trust). The Taranaki Stadium Trust is a council-controlled organisation and owns Yarrow Stadium. 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.

Yarrow Stadium operated in a limited capacity as both the stands were closed as they are earthquake prone buildings. There continued to be a range of events and activities at the Stadium, notably Taranaki's National Provincial Championship home games. The remainder of the year has been spent addressing solutions arising from earthquake assessments of the stands.

In opting to repair and refurbish Yarrow Stadium within a budget of up to \$50 million, the Council has reaffirmed its vision for the venue. The vision was originally adopted in 2015 following stakeholder engagement. It 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.

The Council's repair and refurbishment project will include:

- Repairs to the earthquake-prone grandstands and consequential changes.
- 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.
- \$1.6 million for contingencies.

And the Council will 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.

The Council's decision followed a wide-reaching consultation process that resulted in 526 submissions, with 26 submitters also making their cases in person at a hearing that ran over two days.

Specifically, submitters were asked to indicate which of eight options they favoured. These ranged from demolishing both stands and replacing them with grassed banks (Option 1 - \$6 million) to developing a completely new roofed Stadium (Option 8 - \$271 million).

It was noted that the Council had considered 'half-way' options of demolishing and/or removing the roof of one or other stand, but dismissed them because any benefits were far outweighed by the costs. It was also noted that any option costing more than \$55 million would require co-funding from another party or parties, and no obvious candidates had so far been forthcoming.

The majority (54%) of submitters indicated support for Option 2, the Council's preferred Option. However, a full 72% preferred one of options 2 through 8 – that is, repairing the stands and increasing the quality and range of facilities at the Stadium. The majority of the 19% supporting other options wanted the stands repaired without any refurbishments to other facilities.

After considering the submissions, the Council went 'back to basics' and revisited the vision for Yarrow Stadium adopted in 2015 – for it to be the best non-metro stadium in the country for national and international sports, entertainment and community events, offering a quality experience for all who use it. After discussion and deliberation, the Council decided the vision still applies and is largely supported by the community. Clearly then, the Stadium must be reinstated to what it was, with updates that are necessary to meet current and foreseeable requirements for such venues.

As a result of the submissions, the Council decided to put a hold on the outer field refurbishments, pending further discussion with the wider sporting community. This has reduced the project budget by \$5 million.

The following points were noted:

- This is a repair and refurbishment project. The Council is working with a Stadium that already exists. If it was building a new one, a different approach might have been possible.
- Just fixing the grandstands would not result in a fit-for-purpose, usable Stadium. The refurbishments are included because they are essential – replacing end-of-life lighting with up-to-date LED fittings is but one leading example. Doing without them is out of the question. Despite views to the contrary, there are no other funding sources (depreciation reserves, ongoing rating streams, etc.) for these works.
- The refurbishments continue a development programme that was formed in consultation with the wider sporting community, and well before the earthquake-prone issue arose. Nothing has changed – apart from an opportunity to get them done efficiently and easily while the grandstands are being repaired.
- No insurance claim is possible. The grandstands were NOT closed because they had sustained damage. They were closed because they were found to be earthquake-prone, exposing staff and/or spectators to an unacceptable risk of death or serious injury. No actual material damage has been sustained, so there is nothing to claim insurance on. The Stadium has and will continue to have insurance coverage for any actual damage that occurs in an earthquake or in other circumstances.
- The possibility of liability claims is still being investigated but the law imposes a 10-year limitation on such claims. That is, you can't seek damages if 10 years or more have gone by. The Stadium was built almost 20 years ago. So it would be unwise to expect financial compensation resulting from a liability claim.

Regional gardens

This was the first year of implementation of the current asset management plans for Pukeiti, Tūpare and Hollard Gardens.

The programme of works to upgrade Pukeiti continued with a range of developments across the garden and renewal of important infrastructure. The rear carpark was expanded to accommodate 23 extra carparks. Water security was increased with the addition of 2 new water tanks and the upgrade of the water wheel pump and filtration system. A new toilet was installed in the Valley of the Giants as part of the staged upgrade of this area.

Other development works included:

- Forming and establishing the new Lodge Lawn
- Forming of new paths and garden beds around the Lodge and Lawn
- Building a new shelter in the Founders Garden
- Expanding the service area to include a storage area and new compost bins
- Beginning construction of the Family Hut (completion due in summer 2019)
- Continuing to enhance the rhododendron collection with regular bush margin clearance, new plant introductions and regular pruning and shaping.

Pukeiti houses 1,284 different types of rhododendrons, including different subspecies, varieties and forms. Forty new species or cultivars were added to the collection and 172 different types have been propagated from our own collection. Eleven different rhododendron were removed or lost from the collection.

Tūpare was maintained to the standard established in the asset management plan and continues to maintain a high standard of craft, care and plantsmanship. It was assessed as a 6 star garden by the New Zealand Gardens Trust. This achievement means that this is one of the top garden experiences in New Zealand.

Development works for the year included:

- Upgrading the Terrace Garden with new stone edging and new plantings
- Upgrading the Cottage with new heating, lighting and display cabinets

- Landscaping the Top Lawn to improve the arrival experience and to provide a venue for outdoor private events
- Rock armouring the river bank to curb erosion.

Hollard Gardens was maintained to the standard established in the asset management plan and continues to consolidate as a quality community asset for the outlying districts and beyond. Development works for the year included the construction of a shed to enable public access during home garden events.

Hollard Gardens and Tūpare both experienced a solid increase in visitor numbers with Hollard Gardens going from 19,985 last year to 21,171 visitors and Tūpare growing to 43,617 visitors from 38,239. Pukeiti numbers were static at 82,673 from 82,887.

Puke Ariki

The partnership with Puke Ariki allows for the presentation of educational and information material of relevance to the Council as well as contributing to the successful presentation of Puke Ariki. The partnership contributed towards three projects: *South Taranaki Reef exhibition* in the Taranaki Naturally Gallery, *Marketing Campaign* for the Taranaki Naturally Gallery and *Aotea Utanganui Museum of South Taranaki* to support the development of the publication *Tales and Taonga*.

These three recreation, culture and heritage activities contribute to the *Prosperous Taranaki*, the *Vibrant Taranaki* and the *Sustainable Taranaki* community outcomes by providing world-class community facilities and supporting programmes of activity. Yarrow Stadium, Puke Ariki and the regional gardens attract visitors and events to Taranaki that it would not otherwise receive. These attractions/events contribute financially to the regional economy (*Prosperous Taranaki*) and socially/environmentally/culturally (sporting and cultural events – *Vibrant Taranaki*). The provision of environmental and other educational activities through Puke Ariki and the regional gardens contributes to an educated society (*Sustainable Taranaki*).

Levels of service

| Programmed level of service | Reported level of service |
|---|---|
| <p>1. Tūpare, Hollard Gardens and Pukeiti recognised as regionally or nationally significant gardens</p> | |
| <p>Measure: Maintenance and enhancement of three regionally significant gardens.</p> <p>Target (Years 1-10): Pukeiti, Tūpare and Hollard Gardens maintained and enhanced in accordance with the provisions of the adopted asset management plans.</p> <p>Baseline: The three properties are maintained to the latest adopted asset management plan. Latest asset management plans were adopted in 2017.</p> | <p>All three regional gardens were maintained and enhanced in accordance with their adopted asset management plans.</p> |
| <p>Measure: Level of use of Tūpare, Hollard Gardens and Pukeiti</p> <p>Target (Years 1-10): Increasing the number of visitors and the number of events at each property.</p> <p>Baseline: In 2016/2017, Tūpare attracted 35,810 visitors, Hollard Gardens 18,175 and Pukeiti 29,109 visitors. There were 54 events at Tūpare, 79 at Hollard Gardens and 11 at Pukeiti. All three properties were part of the <i>Powerco Taranaki Garden Spectacular</i>.</p> | <p>Tūpare attracted approximately 43,617 visitors (38,239 – 2017/2018) with Hollard Gardens attracting approximately 21,171 (19,985) and Pukeiti 82,673 (82,887). There were 33 (40) events at Tūpare, 57 (61) at Hollard Gardens and 26 (26) at Pukeiti.</p> |
| <p>Measure: Access to Tūpare, Hollard Gardens and Pukeiti.</p> <p>Target (Years 1-10): Tūpare, Hollard Gardens and Pukeiti open to the public daily with unrestricted free general access.</p> <p>Baseline: Tūpare and Hollard Gardens have been open in this way since 2002. Free access to Pukeiti commenced from 1 July 2010.</p> | <p>The gardens were open to the public daily. Entry was free to all three properties.</p> |
| <p>2. Partnership relationship with the Puke Ariki regional museum and library</p> | |
| <p>Measure: Annual project for the delivery of display and presentation material.</p> <p>Target (Years 1-10): Delivery of an annual project.</p> <p>Baseline: The ongoing partnership relationship with Puke Ariki continued during 2016/2017. The partnership contributed towards five projects.</p> | <p>The ongoing partnership relationship with Puke Ariki continued. The partnership contributed towards three projects: South Taranaki Reef exhibition in the Taranaki Naturally Gallery, Marketing Campaign for the Taranaki Naturally Gallery and Aotea Utanganui Museum of South Taranaki to support the development of the publication <i>Tales and Taonga</i>.</p> |
| <p>3. Presentation and operation of Yarrow Stadium as one of New Zealand's premier regional sporting stadium and venue</p> | |
| <p>Measure: Maintenance and development of Yarrow Stadium for a range of events and activities.</p> <p>Target (Years 1-10): Provision of funding for the ongoing maintenance and development of Yarrow Stadium.</p> <p>Baseline: The Council commenced providing funding for the ongoing maintenance and development of Yarrow Stadium in 2012/2013.</p> | <p>Yarrow Stadium operated in a limited capacity as both the stands were closed as they are earthquake prone buildings. There continued to be a range of events and activities at the Stadium, notably Taranaki's National Provincial Championship home games. The remainder of the year has been spent addressing solutions arising from earthquake assessments of the stands.</p> |

Activities

| Programme | 2018/2019 actual performance |
|---|--|
| 1. Regional gardens | |
| Provide three regional gardens (Tūpare, Hollard Gardens and Pukeiti) for free general use by the regional community. Tūpare, Hollard Gardens and Pukeiti open to the public daily with unrestricted free general access. | The gardens were open to the public daily. Entry was free to all three properties. |
| Encourage the increased use of the regional gardens by the community for recreational purposes and for specific events. | Tūpare attracted approximately 43,617 visitors (38,239 – 2017/2018), Hollard Gardens approximately 21,171 (19,985) and Pukeiti 82,673 (82,887). There were 33 (40) events at Tūpare, 57 (61) at Hollard Gardens and 26 (26) at Pukeiti. |
| Continue implementing the Pukeiti asset management plans focusing on completing the upgrade works in the Zone 1 Garden, the rhododendron collection in Zone 2 and recreational development opportunities in Zone 3. Priority tasks to be completed include: <ul style="list-style-type: none"> • completing the landscaping and visitor facilities in the Garden Zone 1 • continuing to enhance the rhododendron collection (Zone 2) through implementing the <i>Plant Collection Plan</i> • continuing to develop and implement world class storytelling and interpretation throughout Pukeiti • developing a canopy walk linking Pukeiti with the rainforest • developing walking and cycling trails throughout the rainforest and linking to the coast • developing visitor facilities including a family hut, the Pukeiti summit and enhancing various heritage and biodiversity sites. | A comprehensive upgrade programme is in progress including: <ul style="list-style-type: none"> • enhancing the rhododendron collection through bush margin clearance, new plantings, and seasonal plant husbandry • fitting out the new lodge • refurbishing areas affected by the developments as built structures are completed • constructing a new toilet in the Valley of the Giants • commencing the construction of a family hut • commencing the tramline track upgrade • completing the canopy walk preliminary design work. |
| Continue implementing the Hollard Gardens asset management plans focusing on: <ul style="list-style-type: none"> • providing a new barbeque and shelter • extending education workshops in Bernie's Home Garden by providing a new single garage workshop • extending the culvert to create more car parking. | Implementing the Hollard Gardens asset management plans including: <ul style="list-style-type: none"> • beginning the barbeque shelter • completing the new shed to enable the enhancement of the educational workshops. |
| Continue implementing the Tūpare asset management plans focusing on: <ul style="list-style-type: none"> • upgrading the Cottage, including heating, lighting and access • continuing art work based on the arts and crafts genre • investigating an upgrade of the tennis court hospitality options. | Implementing the Tūpare asset management plans including: <ul style="list-style-type: none"> • beginning the cottage upgrade with heating, lighting and display cabinets completed, with the access upgrade to come • completing the tennis court investigation. |
| Review and adopt asset management plans for Tūpare, Hollard Gardens and Pukeiti by 31 October 2020. | All three asset management plans were revised and adopted in 2018/2019. The next review of the plans will occur in 2020/2021. |

| Programme | 2018/2019 actual performance |
|--|--|
| 2. Yarrow Stadium | |
| Contract with New Plymouth District Council for the operation and management of Yarrow Stadium. | The Trust and the New Plymouth District Council have a management agreement for the operation and management of Yarrow Stadium. New Plymouth District Council operated and managed Yarrow Stadium. |
| Undertake asset management planning for the future maintenance, enhancement and development of Yarrow Stadium. | Asset management planning for Yarrow Stadium is on hold while issues arising from earthquake assessments of the stands, that indicated that they are earthquake prone buildings, are attended to. |
| Provide regional funding for the future maintenance, enhancement and development of Yarrow Stadium. | Provided regional funding to the Taranaki Stadium Trust for long-term maintenance and development at Yarrow Stadium. Funding has been used to attend to issues arising from earthquake assessments of the stands that indicated that they are earthquake prone buildings. The focus has been on getting the Stadium operational again. |

Taranaki Stadium Trust

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 a premier regional sports and events venue.

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 2018/2019.

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 New Plymouth District Council and the Taranaki Regional Council have agreed upon a long-term maintenance and development programme for the ten years from 2015/2016 to 30 June 2025. The Taranaki Regional Council provided the annual funding of \$876,000 to the Taranaki Stadium Trust.

Yarrow Stadium operated in a limited capacity as both the stands were closed as they are earthquake prone buildings. There continued to be a range of events and activities at the Stadium, notably Taranaki's National Provincial Championship home games. The remainder of the year was spent addressing solutions arising from earthquake assessments of the stands. The Council has opted to repair and refurbish Yarrow Stadium within a budget of up to \$50 million. The Council will fund the Trust for the repair and refurbishment project, which will include repairs to the earthquake-prone grandstands and 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.

Significant policies and obligations on ownership and control of council-controlled organisations

The Trust will remain in the control of the Taranaki Regional Council as long as the partnership agreement between the Trust, the New Plymouth District Council and the Taranaki Regional Council continues. If the partnership dissolves, control of the Trust, and the associated obligations, revert to the New Plymouth District Council.

Costs and sources of funds

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Regional gardens | 2,765,207 | 2,827,303 | 2,621,182 |
| Puke Ariki | 150,000 | 150,000 | 150,000 |
| Yarrow Stadium | 1,484,703 | 876,000 | 876,000 |
| Total expenditure | 4,399,910 | 3,853,303 | 3,647,182 |
| Income | | | |
| General rates | 1,566,192 | 1,566,191 | 1,588,231 |
| Targeted rates | 301,415 | 301,415 | 306,871 |
| Direct charges | 179,045 | 152,000 | 285,181 |
| Investment funds | 2,353,258 | 1,833,697 | 1,466,899 |
| Total income | 4,399,910 | 3,853,303 | 3,647,182 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | 710,716 | 1,588,000 | 1,635,670 |
| Motor vehicles | - | 77,000 | 103,387 |
| Plant and equipment | 431,381 | 60,000 | 147,329 |
| Office furniture | - | - | - |
| Computer equipment | - | - | 2,309 |
| Flood and river control assets | - | - | - |
| Computer software | - | - | 2,334 |
| Total capital expenditure | 1,142,097 | 1,725,000 | 1,891,029 |
| Funded by: | | | |
| Transfer from retained earnings | 1,142,097 | 1,725,000 | 1,891,029 |
| Total funding | 1,142,097 | 1,725,000 | 1,891,029 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 1,142,097 | 1,725,000 | 1,891,029 |
| Total capital expenditure | 1,142,097 | 1,725,000 | 1,891,029 |
| Gross proceeds from the sale of assets | 27,022 | 18,000 | 759 |
| Depreciation/amortisation expense | 423,225 | 475,981 | 299,357 |

Asset acquisitions and replacements

The development of Pukeiti Gardens has continued. Asset acquisitions includes the completion of the new Lodge, landscaping improvements, toilets and the family hut construction.

Internal borrowing

There is no internal borrowing within this group of activities.

Regional Representation, Advocacy & Investment Management

Regional representation, advocacy and investment management comprises the following activities:

Investment management

—ensuring that the equity, property and treasury investments owned by the Council are efficiently managed—refer to level of service 2.

Community engagement

—promoting community awareness, understanding and involvement with the Council's functions and activities, together with demonstrating the value and contribution of the work of the Council to the region.

Advocacy and response

—advocating and responding, on behalf of the Taranaki community, to initiatives proposed by other agencies, when those initiatives affect the statutory responsibilities of the Council or relate to matters of regional significance, which are of interest or concern to the people of Taranaki—refer to level of service 1.

Governance

—facilitating public representation by the Council and its committees in accordance with statutory requirements.

Regional representation, advocacy and investment management and community outcomes

The regional representation, advocacy and investment management group of activities contributes to community outcomes by maintaining effective and open community representation as an important part of the democratic process; advocating on behalf of the Taranaki community on matters of regional interest; implementing and further developing a programme of information transfer, advice and education on the Council's activities; and ensuring that the equity, property and treasury investments owned by the Council are managed efficiently. Specifically this group of activities contributes to the following community outcomes:

- Prosperous Taranaki
- Sustainable Taranaki
- Connected Taranaki
- Together Taranaki.

Further information on policies and programmes

Further detailed information on the specific strategies, policies and plans relating to this group of activities can be found from the following sources:

- Port Companies Act 1988
- Port Taranaki Ltd's statement of corporate intent
- Local Government Act 2002
- Resource Management Act 1991
- Investment Policy
- the Local Government Official Information and Meetings Act 1987
- Standing Orders.

The Council has had another successful year representing the Taranaki region across many fronts. Many activities contribute to these successes including advocating for Taranaki's interests at a national level, managing strategic

regional investments on behalf of the regional community and providing information to facilitate community engagement.

The formal accountability processes including elections, meetings and representation have also been appropriately and legally complied with.

Public representation was maintained through Council and committee structures and processes which were carried out in accordance with statutory requirements.

The triennial local government elections were successfully conducted in October 2016. The next local authority elections are in October 2019.

With respect to the Council-owned port company, Port Taranaki Ltd, processes were maintained to enable the company to operate efficiently as a successful business. The medium to long-term viability and profitability of this regionally significant asset remains favourable. Recent performance of the region's port company has been good. Dividends of \$9m were received.

Property and treasury investments were efficiently managed with maximum returns sought from treasury investments in accordance with the *Investment Policy*. Overall, interest returns are down on previous years due to the current low interest financial environment.

Returns from investments and Port Taranaki Ltd reduce the general rate requirement. As such this improves the community's prosperity by indirectly returning funds to ratepayers and minimising changes in general rate levels.

These activities contributed to a *Sustainable, Prosperous, Connected and Together Taranaki*.

A programme of information transfer, advice and education was delivered including:

- publishing six editions of Council newsletter
- working with 229 classes involving 8,206 students, including class visits, field trips and the Pukeiti Rainforest School
- holding 61 staff meetings in addition to the distribution of additional resources to teachers.

Fourteen environmental awards were presented in November 2017.

The *Community engagement* activity promotes community awareness and understanding of the Council's functions and activities which contributes to a *Prosperous, Sustainable and Together Taranaki*.

Twenty-six submissions to the policy initiatives of other agencies were made. There is an ongoing significant role in submissions on policy initiatives, which reflects, in particular, major reform programmes initiated by central government. Many of the submissions made were on large or technically or legally complex documents requiring thorough analysis and careful and considered response.

Officers were also involved in various national or regional working parties or other fora to advise on or respond to policy development.

The wide-ranging advocacy and response activity promotes more relevant and cost-effective policy proposals for the region, which contributes to a *Prosperous, Sustainable, Connected and Together Taranaki*.

Levels of service

| Programmed level of service | Reported level of service |
|--|--|
| <p>1. Effective advocacy on behalf of the Taranaki community on matters that affect the statutory responsibilities of the Council or that relate to matters of regional significance which are of interest or concern to the people of Taranaki</p> <p>Measure: Level of advocacy undertaken.</p> <p>Target (Years 1-10): Approximately 20 submissions made per year, with evidence of successful advocacy in most cases.</p> <p>Baseline: In 2016/2017, 31 submissions were made with anecdotal evidence of successful advocacy in most cases.</p> | <p>Made 26 (24—2017/2018) submissions to the policy initiatives of other agencies with evidence of successful advocacy. Many of the submissions were on large or complex documents requiring considered response. Examples included: submissions on the Government's Climate Change Response (Zero Carbon) Amendment Bill, draft National Planning Standards and the Ministry for the Environment's 'At risk' catchments. Continued to input into the Office of the Auditor-General's audit of freshwater quality management at four councils.</p> |
| <p>2. Port Taranaki ownership as a strategic investment</p> <p>Measure: The role of Port Taranaki Ltd in regional economy.</p> <p>Target (Years 1-10): Maintain or increase the contribution from Port Taranaki Ltd to the regional economy.</p> <p>Baseline: In 2012, the estimated Port dependent activity contributed \$465m to regional gross domestic product (GDP) and employed 1,270 full time equivalents. Industries utilizing the Port contributed \$2.5b to regional GDP and employed 11,700 FTEs.</p> | <p>The contribution to the wider community was measured by BERL (independent economists) in 2007, 2012 and 2017. Allowing for flow-on effects, the port's operations are estimated to generate \$28 million in value added (GDP) in 2018/2019. They also generate 319 full-time equivalent jobs (FTEs). The port's important enabling role can be seen from the estimates that its users and service providers are likely to generate \$353 million in value added (GDP) the current year, and 929 FTEs.</p> |
| <p>Measure: The financial and operational performance of Port Taranaki Ltd.</p> <p>Target (Years 1-10): Ensure financial and operational performance from Port Taranaki Ltd is in accordance with the levels presented in each year's statement of corporate intent.</p> <p>Baseline: Port Taranaki Ltd's performance is reviewed, against the statement of corporate intent twice a year.</p> <p>Effective management of property and treasury investments owned by the Council.</p> | <p>The statement of corporate intent for 2018/2021 was considered on 7 August 2018. Port Taranaki Ltd's performance was reviewed when considering their 2017/2018 Annual Report on 18 September 2018. The half-year results to 31 December 2018 were considered on 9 April 2019.</p> |
| <p>Measure: Investment returns from property and treasury investments on general rates.</p> <p>Target (Years 1-10): Maintain or increase the level of investment returns used to reduce each year's general rates requirement.</p> <p>Baseline: Total investment returns from property and treasury investments in 2016/2017 were interest \$527,175 and lease rent \$861,412. These returns were used to reduce the general rate requirement.</p> | <p>Total investment returns from property and treasury investments were interest \$390,969 (\$398,416—2017/2018) and lease rent \$888,862 (\$894,520). This represented a 1.0% (6.9%) decrease over last year. These returns were used to reduce the general rate requirement.</p> |

Activities

| Programme | 2018/2019 actual performance |
|--|--|
| 1. Investment management | |
| Consider Port Taranaki's annual statement of corporate intent and monitor performance against established targets. | The statement of corporate intent for 2018/2021 was considered on 7 August 2018. Port Taranaki Ltd's performance was reviewed when considering their 2017/2018 Annual Report on 18 September 2018. The half-year results to 31 December 2018 were considered on 9 April 2019. |
| Appoint Directors at Port Taranaki Ltd's annual general meeting and at other times as required. | Councillor Littlewood retired by rotation and was reappointed at the 20 September 2018 Port Taranaki Ltd annual general meeting (AGM). Mr Roger Taylor retired at the AGM and his position was not filled. |
| Undertake on-going liaison with port company directors and management. | Regular formal and informal briefings and discussions occurred between the Board and the Council. |
| Manage and, where appropriate, divest leasehold land in accordance with the <i>Investment Policy</i> . | Renewed no leases (2—2017/2018). No (0) leasehold property was divested during the year. Achieved a 4.80% (5.15%) return from leasehold land rentals. |
| Manage and maximise returns from treasury investments in accordance with the <i>Investment Policy</i> . | All treasury investments were in accordance with the <i>Investment Policy</i> . Achieved a 3.58% (4.05%) return from treasury investments. |
| 2. Community engagement | |
| Engage with the community across a range of channels including print and digital publications, news media, websites, mobile and social media. Produce five bi-monthly editions of the Council newsletter and publish through print and digital channels. | Ongoing engagement with the regional community occurred across the range of communications channels. Six issues of the <i>Talking Taranaki</i> newsletter were published in print, online and email. The website continues to be developed and the social media presence increased. |
| Implement the environmental awards programme. | Fourteen (16) environmental awards were presented in October 2018. |
| Provide an on-going environmental education programme for school children and the wider community including class visits, field trips, the Pukeiti Rainforest School and support for community projects. | Distributed 4 (4) issues of the <i>SITE (Schools in the Environment)</i> newsletter. Carried out 229 (212) class visits involving 8,206 (6,543) students. These included 20 (15) groups involving 714 (363) students to the Pukeiti Rainforest School. 61 (38) staff meetings were facilitated. Provide regional co-ordination of the EnviroSchools programme. |
| 3. Advocacy and response | |
| Assess the implications of policy initiatives proposed by other agencies including discussion documents, proposed policies, strategies, plans and draft legislation, and respond within required timeframes on approximately 20 occasions per year. | Assessed the implications of the policy initiatives proposed by other agencies resulting in the preparation of 26 (24) submissions which involved complex documents requiring thorough analysis and careful and considered response. |

4. Governance

| | |
|---|---|
| Completion of statutory planning and reporting documents (Long-Term Plan, Annual Plans and Annual Reports) with in statutory requirements. | Completion of statutory planning and reporting documents (Long-Term Plan, Annual Plans and Annual Reports) with in statutory requirements. |
| Preparation of agendas and minutes and the conduct of meetings in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i> . | Agendas are publicly available at least 48 hours before each meeting and minutes are prepared and adopted for all meetings. |
| Conduct of triennial local authority elections without any need for re-conduct of the elections as a result of judicial review. | The 2016 local authority elections were held in October 2016. The elections were successfully completed with no appeals or judicial reviews held. The next local authority elections are in October 2019. |

The performance of Port Taranaki Ltd has been judged against the following measures:

| Programmes and performance measures set in Port Taranaki Ltd's statement of intent | 2018/2019 actual performance |
|--|--|
| The Company will pursue strategies that maximise the opportunity for trade through the Port and grows the Port's hinterland. Over the next three financial years the Company aims to expand its hinterland and achieve a trade volume of five (5) million freight tonnes of which one (1) million freight tonnes will be non-bulk liquids trade. | Achieved: Total: 5.0m (2017/2018—5.14m) Achieved: Non-liquid bulk: 1.6m (1.51m) |
| Financial: EBITDA on average total assets (Target > 11%) | Not achieved: 10.5% (11.9%) |
| Financial: Return (NPAT) on average total assets (Target >4.3%) | Not achieved: 3.8% (4.3%) |
| Financial: Return (NPAT) on average shareholder's funds (Target >6.0%) | Not achieved: 5.3% (5.9%) |
| Financial: Equity Percentage (Target 65.0%) | Achieved: 72.4% (73.2%) |
| Financial: Interest Coverage Ratio (Target >5x) | Achieved: 9.5x (11.3x) |
| Environment: Incidents of Harbour Pollution (Target Nil) | Not achieved: 2 (Nil) |
| Environment: Compliance with all resource consents (Target Yes) | Not achieved: No (Yes) |

Regional Software Holdings Ltd

Regional Software Holdings Limited is a limited liability company incorporated and registered under the *Companies Act 1993* and is a council-controlled organisation as defined in section 6 of the *Local Government Act 2002*. The primary objective of RSHL is to provide a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own.

RSHL is a major shared services undertaking by the Northland, Waikato, Taranaki, Horizons, Hawkes' Bay, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the Integrated Regional Information System (IRIS) product as developed for and by the shareholding councils. Over the last few years, the six regional councils have developed a leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success with the project being delivered to specification and within budget.

Significant policies and obligations on ownership and control of council-controlled organisations

The Council will continue to hold its 15.5% shareholding in RSHL long as it continues to use the IRIS product and/or any other products and services offered by RSHL. The Council has a Director on the Board of RSHL. Control over RSHL is exercised by holding and exercising the rights of a shareholder and by the retention of a Director on the Board.

The performance of RSHL has been judged against the following measures:

| Performance target | Comment |
|---|--|
| Undertake an annual survey of users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Baseline to be developed following the completion of the first survey. | In progress. The Customer and Users Surveys are currently under way with results expected in August 2019. |
| Develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects. Draft annual roadmap presented to the Board by 31 December of each year for the following year. Adoption by the Board by 30 June of each year. | Achieved. The major enhancements roadmap for 2018/2019 was developed and approved by the Advisory Group, under the management of RSHL. The 2018/2019 draft annual roadmap was presented to the Board at the 22 November 2018 board meeting. It was included in the General Managers report and adopted. |
| Major Enhancement projects identified on the Annual Roadmap are all completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year. | Achieved. There were 9 enhancements on the roadmap for 2018/2019. Three were delivered in the 3.07 data release, and 4 will be delivered in 3.08 data release – scheduled for release in July 2019. All are expected to come in under budget and as scheduled. One additional development in progress for a future release, having been reprioritized by the Advisory Group, and one other was closed after further evaluation. 3.05 was released in June 2018 and capitalized at the end of warranty in August. This is normal practice as bug fixes during the warranty period as included in the cost of the release. |
| 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 (AG). | Achieved. The minor enhancements and support budgets were fully consumed under the direction of the AG. |
| User Groups and business representatives are engaged in the development of the Major Enhancement Annual Roadmap. | Achieved. Users continue to collaborate and participate in RSHL through the User Groups. Fortnightly user group meetings have continued and been well attended. Different users from RSHL councils have participated in the development of major initiatives on this year's roadmap. |

| Performance target | Comment |
|---|---|
| RSHL will operate within 5% (plus or minus) of its overall annual budget. | Not Achieved. The overall result was less than 6% variance from budget with a net deficit of (\$6,351) compared to a budgeted surplus/(deficit) of nil. The balance sheet showed closing equity of \$5,198,684 compared to budget of \$5,339,939 a variance of (\$141,255) which is -2.64%. |
| Annual charges will be kept to a maximum of 2% increase year on year. | Achieved. The annual charges stated in the Statement of Intent has been achieved. The budget for 2017/2018 was \$1,098,534 and the 2018/2019 budget was \$1,117,579. The actual increase was 1.7%. |
| Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL. | Achieved. In the past year, RSHL won a competitive process to implement IRIS at Environment Canterbury, who subsequently chose not to proceed. Information was also provided to Gisborne District Council. |
| Consider, evaluate and, if appropriate, implement new service areas or areas outside of the current scope of IRIS. | Achieved. ReCoCo is Regional Software Holdings Ltd's main focus outside of the core IRIS platform and this continues to grow. ReCoCo is established as a delivery vehicle for collaborative initiatives involving regional and unitary councils. ReCoCo has MOUs in place with the Regional CEOs Group and councils. An advisory group has been established which is supported by the Corporate Services SIG. A regular reporting cycle has been put in place. |
| Be a service delivery agent 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 Regional Council Corporate Services SIG. | RSHL has been established as the 'delivery vehicle' for collaborative and cross-sector projects as part of the Regional Council Collaboration initiative (ReCoCo). ReCoCo is established as a delivery vehicle for collaborative initiatives involving regional and unitary councils. ReCoCo has MOUs in place with the Regional CEOs Group and councils. An advisory group has been established which is supported by the Corporate Services SIG. Project management is in place for all projects. A regular reporting cycle has been put in place. 12 Projects are in the ReCoCo portfolio. All are operating within agreed budgets and timetables. |

Costs and sources of funds

| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Investment management | 8,790 | 6,000 | 22,393 |
| Community engagement | 312,560 | 292,709 | 188,422 |
| Advocacy and response | 263,406 | 278,212 | 277,425 |
| Governance | 1,001,119 | 1,015,856 | 993,988 |
| Total expenditure | 1,585,875 | 1,592,777 | 1,482,228 |
| Income | | | |
| General rates | 732,346 | 732,346 | 734,273 |
| Direct charges | 36,361 | 3,000 | 842 |
| Investment funds | 817,168 | 857,431 | 747,113 |
| Total income | 1,585,875 | 1,592,777 | 1,482,228 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | 72,470 |
| Buildings | 148,449 | 1,200,000 | 18,000 |
| Motor vehicles | - | 96,000 | 73,923 |
| Plant and equipment | 88,058 | 77,000 | 205,191 |
| Office furniture | 832 | 12,000 | 5,176 |
| Computer equipment | 159,143 | 160,000 | 148,430 |
| Flood and river control assets | - | - | - |
| Computer software | 278,584 | 555,000 | 516,433 |
| Total capital expenditure | 675,066 | 2,100,000 | 1,039,623 |
| Funded by: | | | |
| Transfer from retained earnings | 675,066 | 2,100,000 | 1,039,623 |
| Total funding | 675,066 | 2,100,000 | 1,039,623 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 675,066 | 2,100,000 | 1,039,623 |
| Total capital expenditure | 675,066 | 2,100,000 | 1,039,623 |
| Gross proceeds from the sale of assets | 4,935 | 20,000 | 30,088 |
| Depreciation/amortisation expense | 700,333 | 833,442 | 625,716 |

Asset acquisitions and replacements

Significant asset acquisitions include the replacement of the telephone system and website developments. Building improvements have been deferred.

Internal borrowing

There is no internal borrowing within this group of activities.

Financial Statements

The following pages present the financial results of the Council for the 2018/2019 year compared against the budget set for 2018/2019 in the 2018/2028 Long-Term Plan and the results achieved in 2017/2018.

In particular, the following information is presented:

- the practices and assumptions used in preparing the financial information
- where the Council's income came from and where it was subsequently spent
- the effect of the income and expenditure on the overall net worth of the Council
- what the Council owes and owns
- the cash payments and receipts during the year
- additional supporting information.

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2019

| | Notes | Council | | | Group | |
|--|-------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Cost of services | | | | | | |
| Resource management | | 13,631,202 | 14,647,450 | 13,738,194 | 13,613,612 | 13,726,194 |
| Biosecurity and biodiversity | | 6,304,476 | 6,162,608 | 1,949,148 | 6,304,476 | 1,949,148 |
| Transport | | 4,486,106 | 4,809,335 | 4,175,077 | 4,486,106 | 4,175,077 |
| Hazard management | | 942,396 | 918,545 | 1,615,653 | 942,396 | 1,615,653 |
| Recreation, culture and heritage | | 4,399,910 | 3,853,303 | 3,647,182 | 3,929,888 | 3,721,951 |
| Regional representation, advocacy and investment management | | 1,585,875 | 1,592,777 | 1,482,228 | 1,585,875 | 1,482,228 |
| Port operating expenses | | - | - | - | 34,080,450 | 30,529,999 |
| Total expenses | 5 | 31,349,965 | 31,984,018 | 26,607,482 | 64,942,803 | 57,200,250 |
| Revenue from exchange transactions | | | | | | |
| Direct charges revenue | 4 | 4,078,802 | 4,004,960 | 3,923,014 | 4,057,620 | 3,894,396 |
| Other investment revenue | | 993,895 | 1,070,000 | 1,056,262 | 949,513 | 1,011,879 |
| Dividends | | 9,000,000 | 8,000,000 | 5,460,000 | - | - |
| Port revenue from operations | | - | - | - | 47,194,203 | 45,629,000 |
| Revenue from non-exchange transactions | | | | | | |
| General rates revenue | | 7,954,392 | 7,954,392 | 7,611,858 | 7,954,392 | 7,611,858 |
| Targeted rates revenue | | 2,220,791 | 2,220,791 | 1,865,532 | 2,220,791 | 1,865,532 |
| Direct charges revenue | 4 | 8,377,217 | 5,027,196 | 4,086,953 | 8,909,919 | 4,086,953 |
| Government grants | | 2,835,608 | 3,646,423 | 2,272,444 | 2,835,608 | 2,272,444 |
| Vested assets | | - | - | - | - | - |
| Total revenue | 4 | 35,460,705 | 31,923,762 | 26,276,063 | 74,122,046 | 66,372,062 |
| Operating surplus/(deficit) before finance income and expenses, other gains/losses and taxation | | 4,110,740 | (60,256) | (331,419) | 9,179,243 | 9,171,812 |
| Finance income | | 390,969 | 300,000 | 398,416 | 437,156 | 421,589 |
| Finance expense | 5 | - | - | - | 2,102,643 | 1,593,560 |
| Net finance income (expense) | | 390,969 | 300,000 | 398,416 | (1,665,487) | (1,171,971) |
| Operating surplus before other gains/losses and taxation | | 4,501,709 | 239,744 | 66,997 | 7,513,756 | 7,999,841 |
| Other gains/(losses) | | | | | | |
| Gains/(losses) on revaluation of investment properties | | 1,132,500 | - | 810,000 | 1,132,500 | 810,000 |
| Impairment of assets | 10 | - | - | - | - | (14,851,588) |
| Operating surplus/(deficit) before taxation | | 5,634,209 | 239,744 | 876,997 | 8,646,256 | (6,041,747) |
| Income tax expense | 7 | (42,051) | 10,000 | 1,446 | 3,540,037 | 3,537,446 |
| Net surplus/(deficit) for the period, net of tax | 21 | 5,676,260 | 229,744 | 875,551 | 5,106,219 | (9,579,193) |
| Other comprehensive income | | | | | | |
| Items that may be reclassified subsequently to profit and loss when specific conditions met. | | | | | | |
| Impairment of assets | 10 | - | - | - | - | (2,438,400) |
| Revaluation of property, plant and equipment | | 319,972 | - | 86,312 | 4,853,477 | 86,312 |
| Change in cash flow hedge | | - | - | - | 197,813 | 258,490 |
| Other comprehensive income, net of tax | | 319,972 | - | 86,312 | 5,051,290 | (2,093,598) |
| Total comprehensive income for the period, net of tax | | 5,996,232 | 229,744 | 961,863 | 10,157,509 | (11,672,791) |

This statement should be read in conjunction with the *Explanatory Notes to the Financial Statements*.

Statement of Changes in Net Assets/Equity for the year ended 30 June 2019

| Council | Notes | Retained earnings \$ | Reserves \$ | Asset revaluation reserves \$ | Cash flow hedge reserve \$ | Total equity \$ |
|---|-----------|----------------------|-------------------|-------------------------------|----------------------------|-------------------|
| As at 1 July 2017 | | 66,327,696 | 11,129,483 | 4,423,026 | - | 81,880,205 |
| Changes in equity for 2017/2018 | | | | | | |
| Total comprehensive income for the period | | 875,551 | - | 86,312 | - | 961,863 |
| Transfers to and from reserves | | (110,383) | 110,383 | - | - | - |
| As at 30 June 2018 | 18 | 67,092,864 | 11,239,866 | 4,509,338 | - | 82,842,068 |
| Changes in equity for 2018/2019 | | | | | | |
| Total comprehensive income for the period | | 5,676,260 | - | 319,972 | - | 5,996,232 |
| Transfers to and from reserves | | (3,061,325) | 3,061,325 | - | - | - |
| As at 30 June 2019 | 18 | 69,707,799 | 14,301,191 | 4,829,310 | - | 88,838,300 |

| Group | Notes | Retained earnings \$ | Reserves \$ | Asset revaluation reserves \$ | Cash flow hedge reserve \$ | Total equity \$ |
|--|-----------|----------------------|-------------------|-------------------------------|----------------------------|--------------------|
| As at 1 July 2017 | | 144,773,757 | 11,129,483 | 65,613,854 | (1,255,456) | 220,261,638 |
| Changes in equity for 2017/2018 | | | | | | |
| Total comprehensive income for the period | | (9,579,193) | - | (2,352,088) | 258,490 | (11,672,791) |
| Transfers to and from reserves | | (110,383) | 110,383 | - | - | - |
| Transfers to and from asset revaluation reserves | | - | - | - | - | - |
| As at 30 June 2018 | 18 | 135,084,181 | 11,239,866 | 63,261,766 | (996,966) | 208,588,847 |
| Changes in equity for 2018/2019 | | | | | | |
| Total comprehensive income for the period | | 5,106,219 | - | 4,853,477 | 197,813 | 10,157,509 |
| Transfers to and from reserves | | (3,061,325) | 3,061,325 | - | - | - |
| Transfers to and from asset revaluation reserves | | - | - | - | - | - |
| As at 30 June 2019 | 18 | 137,129,075 | 14,301,191 | 68,115,243 | (799,153) | 218,746,356 |

This statement should be read in conjunction with the *Explanatory Notes to the Financial Statements*.

Statement of Financial Position as at 30 June 2019

| | Notes | Council | | | Group | |
|--|-------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Current assets | | | | | | |
| Cash and cash equivalents | 8 | 4,393,819 | 602,506 | 2,358,662 | 4,858,790 | 2,869,993 |
| Current portion of investments | 13 | 8,363,322 | - | 5,399,129 | 8,363,322 | 5,399,129 |
| Receivables from exchange transactions | 9 | 609,398 | 960,000 | 1,274,429 | 7,183,418 | 8,456,946 |
| Receivables from non-exchange transactions | 9 | 3,023,951 | 1,040,000 | 2,641,132 | 3,023,951 | 2,641,132 |
| Inventories | 12 | 23,900 | - | 56,108 | 733,328 | 694,108 |
| Prepayments | | 226,176 | 100,000 | 195,602 | 226,176 | 195,603 |
| Taxation refundable | 7 | 5,109 | - | 5,109 | 5,109 | 5,109 |
| Work-in-progress | 28 | 172,004 | 400,000 | 161,854 | 172,004 | 161,854 |
| Total current assets | | 16,817,679 | 3,102,506 | 12,092,025 | 24,566,098 | 20,423,874 |
| Non-current assets | | | | | | |
| Term deposits and treasury investments | 13 | 2,625,250 | 5,407,975 | 2,500,000 | 2,625,250 | 2,500,000 |
| Port Taranaki Ltd | 13 | 26,000,000 | 26,000,000 | 26,000,000 | - | - |
| Civic Assurance Ltd | 13 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Regional Software Holdings Ltd | 13 | 798,118 | 798,118 | 798,118 | 798,118 | 798,118 |
| Investment properties | 14 | 18,513,000 | 14,617,000 | 17,380,500 | 18,513,000 | 17,380,500 |
| Intangible assets | 11 | 1,069,117 | 1,699,571 | 1,041,418 | 1,478,459 | 1,512,418 |
| Property, plant and equipment | 10 | 31,179,780 | 33,014,943 | 30,211,725 | 241,119,718 | 229,819,471 |
| Deferred tax asset | 7 | 42,051 | - | - | 42,051 | - |
| Total non-current assets | | 80,228,316 | 81,538,607 | 77,932,761 | 264,577,596 | 252,011,507 |
| Total assets | | 97,045,995 | 84,641,113 | 90,024,786 | 289,143,694 | 272,435,381 |
| Current liabilities | | | | | | |
| Payables from exchange transactions | 15 | 3,217,087 | 1,500,000 | 2,972,318 | 10,894,469 | 10,681,095 |
| Payables from non-exchange transactions | 15 | 2,380,334 | 500,000 | 1,634,160 | 1,771,631 | 1,634,160 |
| Employee entitlements | 16 | 1,106,133 | 935,000 | 1,189,559 | 2,330,360 | 2,461,559 |
| Work-in-progress | 28 | 725,841 | 500,000 | 669,281 | 725,841 | 669,281 |
| Borrowings | 17 | - | - | - | 3,982,771 | 3,968,273 |
| Taxation payable | 7 | - | - | - | 1,177,224 | 977,000 |
| Total current liabilities | | 7,429,395 | 3,435,000 | 6,465,318 | 20,882,296 | 20,391,368 |
| Non-current liabilities | | | | | | |
| Employee entitlements | 16 | 778,300 | 800,000 | 717,400 | 1,531,300 | 1,409,400 |
| Deferred tax liability | 7 | - | - | - | 1,264,402 | 382,000 |
| Derivative financial instruments | 29 | - | - | - | 735,230 | 996,966 |
| Borrowings | 17 | - | - | - | 45,984,110 | 40,666,800 |
| Total non-current liabilities | | 778,300 | 800,000 | 717,400 | 49,515,042 | 43,455,166 |
| Total liabilities | | 8,207,695 | 4,235,000 | 7,182,718 | 70,397,338 | 63,846,534 |
| Public equity | | | | | | |
| Retained earnings | 18 | 69,707,799 | 65,188,180 | 67,092,864 | 137,129,075 | 135,084,181 |
| Reserves | 18 | 14,301,191 | 11,494,701 | 11,239,866 | 14,301,191 | 11,239,866 |
| Asset revaluation reserves | 18 | 4,829,310 | 3,723,232 | 4,509,338 | 68,115,243 | 63,261,766 |
| Cash flow hedge reserve | 18 | - | - | - | (799,153) | (996,966) |
| Total public equity | 18 | 88,838,300 | 80,406,113 | 82,842,068 | 218,746,356 | 208,588,847 |
| Total liabilities and equity | | 97,045,995 | 84,641,113 | 90,024,786 | 289,143,694 | 272,435,381 |

This statement should be read in conjunction with the *Explanatory Notes to the Financial Statements*.

Statement of Cash Flows for the year ended 30 June 2019

| Notes: | Council | | | Group | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------|
| | 2018/2019 Actual \$ | 2018/2019 Budget \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ | |
| Cash flow from operating activities | | | | | | |
| Cash was provided from: | | | | | | |
| Rates | 10,175,183 | 10,175,183 | 9,477,390 | 10,175,183 | 9,477,390 | |
| Interest | 372,610 | 300,000 | 387,705 | 418,810 | 411,809 | |
| Dividends | 9,000,000 | 8,000,000 | 5,460,000 | - | - | |
| Goods and services tax | - | - | 115,106 | - | 147,956 | |
| Income tax | - | - | - | - | - | |
| Other exchange transactions | 5,766,222 | 6,096,275 | 5,008,895 | 60,673,236 | 55,562,895 | |
| Other non-exchange transactions | 10,954,702 | 7,652,304 | 6,710,206 | 10,878,702 | 6,710,206 | |
| | 36,268,717 | 32,223,762 | 27,159,302 | 82,145,931 | 72,310,256 | |
| Cash was applied to: | | | | | | |
| Employees and suppliers | 28,927,289 | 29,787,583 | 24,488,822 | 63,555,253 | 51,847,907 | |
| Income tax | - | 60,000 | - | 2,576,048 | 3,123,000 | |
| Goods and services tax | 84,356 | - | - | 84,356 | - | |
| Interest | - | - | - | 2,046,891 | 1,587,560 | |
| | 29,011,645 | 29,847,583 | 24,488,822 | 68,262,548 | 56,558,467 | |
| Net cash flow from operating activities | 21 | 7,257,072 | 2,376,179 | 2,670,480 | 13,883,383 | 15,751,789 |
| Cash flow from investing activities | | | | | | |
| Cash was provided from: | | | | | | |
| Investments | - | 2,000,000 | 2,447,912 | - | 2,447,912 | |
| Proceeds from sale of property, plant and equipment | 281,238 | 384,000 | 105,056 | 615,797 | 105,056 | |
| | 281,238 | 2,384,000 | 2,552,968 | 615,797 | 2,552,968 | |
| Cash was applied to: | | | | | | |
| Investments | 3,089,443 | - | - | 3,089,443 | - | |
| Capitalised interest on property, plant and equipment | - | - | - | 184,750 | 535,000 | |
| Purchase of property, plant and equipment | 2,413,710 | 5,303,061 | 4,055,391 | 14,516,207 | 20,968,464 | |
| | 5,503,153 | 5,303,061 | 4,055,391 | 17,790,400 | 21,503,464 | |
| Net cash flow outflow from investing activities | | (5,221,915) | (2,919,061) | (17,174,603) | (18,950,496) | |
| Cash flow from financing activities | | | | | | |
| Cash was provided from: | | | | | | |
| Loans | - | - | - | 13,731,367 | 10,483,010 | |
| | - | - | - | 13,731,367 | 10,483,010 | |
| Cash was applied to: | | | | | | |
| Loans | - | - | - | 8,451,350 | 9,463,000 | |
| | - | - | - | 8,451,350 | 9,463,000 | |
| Net cash outflow from financing activities | | - | - | 5,280,017 | 1,020,010 | |
| Net increase/(decrease) in cash and cash equivalents | | 2,035,157 | (542,882) | 1,168,057 | 1,988,797 | (2,178,697) |
| Opening cash and cash equivalents | | 2,358,662 | 1,145,388 | 1,190,605 | 2,869,993 | 5,048,690 |
| Closing cash and cash equivalents | 8 | 4,393,819 | 602,506 | 2,358,662 | 4,858,790 | 2,869,993 |

This statement should be read in conjunction with the *Explanatory Notes to the Financial Statements*.

Explanatory Notes to the Financial Statements

1. Council information

REPORTING ENTITY

Taranaki Regional Council is a regional local authority governed by the *Local Government Act 2002*.

The Taranaki Regional Council Group (TRC) consists of Taranaki Regional Council and its subsidiaries Port Taranaki Ltd (100% owned) and Taranaki Stadium Trust (100% controlled). The Council has a 15.5% investment in Regional Software Holdings Ltd. Port Taranaki Ltd is a port company governed by the *Port Companies Act 1988* and incorporated in New Zealand. Taranaki Stadium Trust is a charitable trust governed by the *Charitable Trusts Act 1957* and registered under the *Charities Act 2005*. Regional Software Holdings Ltd is a company governed by the *Companies Act 1993* and incorporated in New Zealand. Taranaki Stadium Trust and Regional Software Holdings Ltd are council-controlled organisations pursuant to the *Local Government Act 2002*.

The principal activity of the Taranaki Regional Council is the provision of local authority services, including resource management, biosecurity, transport services, hazard management, recreation and cultural services and regional representation to ratepayers and other residents of the Taranaki region.

The financial statements of Taranaki Regional Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 1 October 2019.

2. Summary of accounting policies

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of the *Local Government Act 2002*, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

BASIS OF PREPARATION

As the primary objective of the Council and Group is to provide goods or services for community and social benefit, rather than for making a financial return, the Council and Group are public benefit entities for the purpose of financial reporting. The financial statements of the Council and Group have been prepared in accordance with and comply with Tier 1 Public Benefit Entity (PBE) standards. The financial statements are presented in New Zealand dollars. The functional currency of Taranaki Regional Council is New Zealand dollars.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, and financial instruments.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements that management have made regarding the estimated useful life of plant property and equipment and the fair value of property, plant and equipment, are disclosed in Note 10.

NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED

Port Taranaki Ltd adopted *NZ IFRS 16: Leases* early with effect from 1 July 2018. This change had minimal impact on the financial statements. There is no equivalent PBE standard so there is no impact to the Group and the Council. Other than the above changes, the Group has not elected to early adopt any other new standards or interpretations that are issued but not yet effective as at 30 June 2019.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

PBE Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2019, are outlined in the below:

New pronouncement**Effective for annual reporting periods beginning on or after:****Expected to be initially applied in the financial year ending:**

| | | |
|---|----------------|--------------|
| PBE IPSAS 34 Separate Financial Statements | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 35 Consolidated Financial Statements | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 36 Investments in Associates and Joint Ventures | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 37 Joint Arrangements | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 38 Disclosure of Interests in Other Entities | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 39 Employee Benefits | 1 January 2019 | 30 June 2020 |
| PBE IFRS 9 Financial Instruments | 1 January 2021 | 30 June 2022 |
| PBE FRS 48 Service Performance Reporting | 1 January 2021 | 30 June 2022 |

CHANGES IN ACCOUNTING ESTIMATES

There have been no changes in accounting estimates during the year.

3. Principal activities/Group information**NOTES**

The Taranaki Regional Council provides local authority services within the Taranaki region. The reporting date of the Council and all subsidiaries is 30 June. The consolidated financial statements of the Group include the following subsidiaries of the Council:

| Subsidiary name | Principal activities | Country of incorporation | Percentage equity interest | | Carrying value of investment (at cost) | |
|------------------------|--|--------------------------|----------------------------|-----------|--|------------|
| | | | 2018/2019 | 2017/2018 | 2018/2019 | 2017/2018 |
| Port Taranaki Ltd | Export and import activities through Port Taranaki. | New Zealand | 100 | 100 | 26,000,000 | 26,000,000 |
| Taranaki Stadium Trust | Long-term maintenance and development of Yarrow Stadium. | New Zealand | 100 | 100 | Nil | Nil |

The Council also hold investments in the following entities

| Name | Principal activities | Country of incorporation | Percentage equity interest | | Carrying value of investment (at cost) | |
|--------------------------------|---|--------------------------|----------------------------|-----------|--|-----------|
| | | | 2018/2019 | 2017/2018 | 2018/2019 | 2017/2018 |
| Regional Software Holdings Ltd | Shared software resources. | New Zealand | 15.5 | 15.5 | 798,118 | 798,118 |
| Civic Assurance Ltd | Insurance services to local government. | New Zealand | <0.0 | <0.0 | 1,000 | 1,000 |

4. Revenue

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| The net operating surplus (deficit) was achieved after crediting: | | | | |
| Dividends | 9,000,000 | 5,460,000 | - | - |
| Gain on sale of property, plant and equipment | 50,518 | 77,041 | 50,518 | 77,041 |
| Gain on sale of investment properties | - | - | - | - |
| Unrealised gain on revaluation of investment properties | 1,132,500 | 810,000 | 1,132,500 | 810,000 |
| Rental revenue from investment properties | 888,862 | 894,520 | 844,480 | 850,138 |
| Interest – corporate bonds | 53,140 | 116,653 | 53,140 | 116,653 |
| Interest – cash and term deposits | 337,829 | 281,763 | 384,016 | 304,936 |
| Direct charges revenue from exchange transactions | | | | |
| Compliance monitoring charges | 2,902,805 | 2,707,677 | 2,884,623 | 2,679,059 |
| Resource consent applications | 711,124 | 811,663 | 708,124 | 811,663 |
| Other sales of goods and services | 464,873 | 403,674 | 464,873 | 403,674 |
| Total direct charges revenue from exchange transactions | 4,078,802 | 3,923,014 | 4,057,620 | 3,894,396 |
| Direct charges revenue from non-exchange transactions | | | | |
| Riparian plant sales | 1,646,098 | 1,307,379 | 1,646,098 | 1,307,379 |
| Bus fares | 921,907 | 886,118 | 921,907 | 886,118 |
| Pollution response | 737,822 | 391,526 | 661,822 | 391,526 |
| Civil defence recoveries | - | 688,358 | - | 688,358 |
| Resource consent condition charges | 113,701 | 90,046 | 113,701 | 90,046 |
| Waste minimisation recoveries | - | 48,026 | - | 48,026 |
| Predator Free 2050 funding | 2,070,775 | - | 2,070,775 | - |
| Waitara Lands Act 2018 income distribution | 2,540,439 | - | 2,540,439 | - |
| Other recoveries and sales of goods and services | 346,475 | 675,500 | 955,177 | 675,500 |
| Total direct charges revenue from non-exchange transactions | 8,377,217 | 4,086,953 | 8,909,919 | 4,086,953 |

POLICIES

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes/duty. To the extent that there is a condition attached that would give rise to a liability to repay revenue, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised once the Group has satisfied these conditions.

Revenue from non-exchange transactions:

- General and targeted rates: The Group recognises revenue from rates when the Council has set the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.
- Government grants: Revenues from the Government is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and when the revenue can be measured reliably and is free from conditions.
- Fines: The Group recognises revenue from fines when the notice of infringement or breach is served by the Council or Group.
- Direct charges – goods and services: Rendering of services or the sale of goods at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service and where the shortfall is subsidised by income from other activities, such as rates. Revenue from such subsidised services is recognised when the Council or Group issues the invoice or bill for the service.

Revenue from exchange transactions:

- Direct charges – goods and services: Revenue from the rendering of services or the sale of goods is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.
- Interest revenue: For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.
- Dividends: Revenue is recognised when the Group's or Council's right to receive the payment is established, which is generally when shareholders approve the dividend.
- Rental revenue: Rental revenue arising from operating leases on investment properties is accounted for on a straight-line basis over the lease.

5. Expenditure

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| The net operating surplus (deficit) was achieved after charging: | | | | |
| Employee benefits | 12,501,595 | 12,615,391 | 26,537,858 | 26,451,391 |
| Cost of services | 15,033,843 | 10,765,425 | 13,534,550 | 9,877,706 |
| General expenses | - | - | 6,494,739 | 5,321,630 |
| Finance costs | - | - | 2,102,643 | 1,593,560 |
| Repairs and maintenance | 430,030 | 343,390 | 6,065,260 | 4,129,729 |
| Directors' fees | - | - | 334,027 | 353,000 |
| Donations | 170,000 | - | 170,000 | - |
| Depreciation, amortisation and maintenance dredging | 1,636,234 | 1,472,879 | 10,038,671 | 9,674,699 |
| Loss on disposal of property, plant and equipment | 5,936 | 106,871 | 30,619 | 106,871 |
| Impairment of assets | - | - | - | 14,851,588 |
| Bad debts | - | 1,428 | - | 1,428 |
| Income tax expense | (42,051) | 1,446 | 3,540,037 | 3,537,446 |
| Net loss/(gain) on currency bank balances | - | - | 15,152 | (133,133) |
| Audit fees – Annual Report | 124,030 | 120,764 | 211,131 | 203,441 |
| Audit fees – Long-Term Plan | - | 75,857 | - | 75,857 |
| Minimum lease payments recognised as operating lease expense | - | - | 62,499 | 32,154 |
| Purchase of riparian plants (inventory) | 1,448,297 | 1,105,477 | 1,448,297 | 1,105,477 |

POLICIES

The budget figures presented in these financial statements are those included in the Council's adopted Annual Plan or Long-Term Plan. The budget figures are for the Council as a separate entity, and do not include budget information relating to subsidiaries or associates.

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities. Overheads have been allocated against activity centres on the basis of staff numbers. However, in the case of Councillors (*Representation*), they have been allocated on a 0.5:1 ratio.

6. Explanation of major variances against budget

| | 2018/2019 Actual \$ |
|--|------------------------|
| Operating expenditure was less than budgeted: <i>Across the full range of activities there were many over and under expenditures – with most being due to timing.</i> | 634,053 |
| Direct charges were more than budgeted: <i>Variances across all activities, however in particular an unbudgeted New Plymouth District Council (Waitara Lands) Act distribution was received and plant sales, pollution response and Predator Free 2050 revenue were all more than budgeted.</i> | 3,423,863 |
| Government grants were less than budgeted: <i>Mainly due to timing, however in particular the delay in and cancellation of Fresh Water Improvement Funding.</i> | (810,815) |
| Other investment revenue was less than budgeted: <i>Mainly due to asset sales being less than planned.</i> | (76,105) |
| Dividend income was more than budget: <i>A higher dividend was received from Port Taranaki Limited than budgeted.</i> | 1,000,000 |
| Finance income was more than budget: <i>Generated from higher investment balances due to revenues being higher than budget.</i> | 90,969 |
| Unrealised gains on revaluation of investment properties was more than budgeted: <i>No allowance was made for an increase or decrease in values.</i> | 1,132,500 |
| Income tax expense was less than budgeted: <i>More tax deductible expenditure was incurred than budgeted.</i> | 52,051 |
| Unrealised gains on revaluation of flood control scheme assets was more than budgeted: <i>No allowance was made for an increase or decrease in values.</i> | 319,972 |

The entire operating surplus is from continuing activities.

7. Taxation

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Income tax recognised in the Statement of Comprehensive Revenue and Expense | | | | |
| Current tax expense | - | 1,446 | 3,050,497 | 3,570,446 |
| Deferred tax on losses carried forward | (42,051) | - | (42,051) | - |
| Deferred tax income on temporary differences | - | - | 531,591 | (33,000) |
| Income tax expense per Statement of Comprehensive Revenue and Expense | (42,051) | 1,446 | 3,540,037 | 3,537,446 |
| Reconciliation of operating surplus before tax and income tax expense | | | | |
| Surplus/(deficit) before taxation and subvention payment | 5,634,209 | 876,997 | 8,646,256 | (6,041,747) |
| Operating surplus/(deficit) before taxation | 5,634,209 | 876,997 | 8,646,256 | (6,041,747) |
| Income tax expense at 28% | 1,577,579 | 245,559 | 2,420,952 | (1,691,689) |
| Tax effect of non-deductible expenses in operating surplus before taxation | - | - | 521,454 | 3,000 |
| Tax effect of non-assessable income in operating surplus before taxation | 1,880,371 | 1,879,221 | 4,142,878 | 7,118,469 |
| Timing differences prior period | - | - | - | - |
| Timing differences current period | - | - | 189,000 | 665,000 |
| Prior period adjustments impacting income taxation expense | - | - | (234,246) | (434,000) |
| Imputation credit adjustment | (3,500,001) | (2,123,334) | (3,500,001) | (2,123,334) |
| Income taxation expense per Statement of Comprehensive Revenue and Expense | (42,051) | 1,446 | 3,540,037 | 3,537,446 |
| Taxation refundable/(payable) | | | | |
| Opening balance | 5,109 | 6,555 | (971,891) | (524,476) |
| Prior year tax paid/(refund) | - | - | (523,000) | 1,024,403 |
| Prior year adjustment | - | - | - | - |
| Current taxation payable | - | (1,446) | (3,010,557) | (4,005,152) |
| Provisional taxation paid | - | - | 3,333,333 | 2,533,334 |
| Taxation refundable/(payable) | 5,109 | 5,109 | (1,172,115) | (971,891) |
| Imputation credit account | | | | |
| Credits available for use in subsequent periods | - | - | 25,690,000 | 26,614,000 |
| Imputation credits available directly and indirectly to the Council, through Port Taranaki Ltd | - | - | 25,690,000 | 26,614,000 |

DEFERRED TAX ASSET/LIABILITY

| | Council | | | | Total |
|--|-------------------------------|-------------------------|-----------------------------|----------------------------|--------------------|
| | Depreciation/ Amortisation | Provisions/ Payables | Receivables/ Prepayments | Cash flow hedge reserve | |
| Balance 30 June 2017 | - | - | - | - | - |
| Charged/(credited) to the Statement of Comprehensive Revenue and Expense | - | - | - | - | - |
| Balance 30 June 2018 | - | - | - | - | - |
| Charged/(credited) to the Statement of Comprehensive Revenue and Expense | - | - | 42,051 | - | 42,051 |
| Balance 30 June 2019 | - | - | 42,051 | - | 42,051 |
| | Group | | | | |
| Balance 30 June 2017 | (1,653,357) | 887,310 | - | 351,528 | (414,519) |
| Charged/(credited) to the Statement of Comprehensive Revenue and Expense | 218,357 | (113,310) | - | (72,528) | 32,519 |
| Balance 30 June 2018 | (1,435,000) | 774,000 | - | 279,000 | (382,000) |
| Charged/(credited) to the Statement of Comprehensive Revenue and Expense | (1,046,675) | 241,049 | 42,051 | (76,776) | (840,351) |
| Balance 30 June 2019 | (2,481,675) | 1,015,049 | 42,051 | 202,224 | (1,222,351) |

POLICIES

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and losses. Deferred tax assets are recognised to the extent it is probable taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- For deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable surplus will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and in the case of receivables and payables, which are stated with the amount of GST included.

NOTES

The Council is exempt from income tax. There is a recognised deferred tax asset of \$42,051 (2017/2018—\$nil) for the carry forward of unused tax credits.

8. Cash and cash equivalents

| Notes | Council | | Group | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Bank | 1,061,985 | 521,214 | 1,523,676 | 1,025,367 |
| Call deposits | 3,331,834 | 1,837,448 | 3,335,114 | 1,844,626 |
| Total bank and call deposits | 4,393,819 | 2,358,662 | 4,858,790 | 2,869,993 |

POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash.

NOTES

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

9. Receivables

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Receivables from exchange transactions | | | | |
| Trade receivables | 609,398 | 1,274,429 | 5,760,520 | 5,435,480 |
| Provision for impairment | - | - | - | - |
| Net trade receivables | 609,398 | 1,274,429 | 5,760,520 | 5,435,480 |
| Other receivables | - | - | 1,422,898 | 3,021,466 |
| Related party receivables | - | - | - | - |
| Total receivables from exchange transactions | 609,398 | 1,274,429 | 7,183,418 | 8,456,946 |
| Receivables from non-exchange transactions | | | | |
| Trade receivables | 3,023,951 | 2,641,132 | 3,023,951 | 2,641,132 |
| Provision for impairment | - | - | - | - |
| Net trade receivables | 3,023,951 | 2,641,132 | 3,023,951 | 2,641,132 |
| Other receivables | - | - | - | - |
| Related party receivables | - | - | - | - |
| Total receivables from non-exchange transactions | 3,023,951 | 2,641,132 | 3,023,951 | 2,641,132 |

NOTES

The fair value of trade and other receivables approximates their carrying value. There is no concentration of credit risk with respect to the Council's receivables as there a large number of customers.

10. Property, plant and equipment

| Council | Land at cost | Land at valuation | Buildings at cost | Buildings at valuation | Motor vehicles | Plant, equipment and fittings | Office furniture | Computer equipment |
|-------------------------------------|------------------|-------------------|-------------------|------------------------|------------------|-------------------------------|------------------|--------------------|
| Carrying amount 1 July 2017 | 2,142,509 | - | 7,837,728 | - | 1,403,159 | 918,851 | 115,367 | 334,285 |
| Cost/valuation | 2,142,509 | - | 11,477,904 | - | 3,070,475 | 5,253,059 | 678,673 | 3,007,192 |
| Accumulated depreciation | - | - | (3,640,176) | - | (1,667,316) | (4,334,208) | (563,306) | (2,672,907) |
| Additions | (22,565) | - | (29,739) | - | 610,856 | 288,169 | 2,191 | 160,481 |
| Transfers | 194,035 | - | 2,713,060 | - | - | 404,662 | 3,741 | - |
| Revaluations | - | - | - | - | - | - | - | - |
| Disposals | - | - | (199,004) | - | (85,079) | (54,411) | (2,548) | (12,168) |
| Depreciation | - | - | (308,080) | - | (532,516) | (316,024) | (27,390) | (134,975) |
| Carrying amount 30 June 2018 | 2,313,979 | - | 10,013,965 | - | 1,396,420 | 1,241,247 | 91,361 | 347,623 |
| Cost/valuation | 2,313,979 | - | 13,739,758 | - | 3,240,467 | 4,994,588 | 654,462 | 3,145,502 |
| Accumulated depreciation | - | - | (3,725,793) | - | (1,844,047) | (3,753,341) | (563,101) | (2,797,879) |
| Additions | - | - | - | - | 99,000 | 263,643 | 832 | 159,143 |
| Transfers | - | - | 2,101,155 | - | - | 413,614 | - | - |
| Revaluations | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (10,705) | (3,336) | - | (4,290) |
| Depreciation | - | - | (361,088) | - | (500,994) | (363,744) | (24,858) | (139,699) |
| Carrying amount 30 June 2019 | 2,313,979 | - | 11,754,032 | - | 983,721 | 1,551,424 | 67,335 | 362,777 |
| Cost/valuation | 2,313,979 | - | 15,812,988 | - | 3,175,025 | 5,527,197 | 655,294 | 3,289,560 |
| Accumulated depreciation | - | - | (4,058,956) | - | (2,191,304) | (3,975,773) | (587,959) | (2,926,783) |

| Council | Dredging | Port services & equipment | Work in progress | Flood and river control at valuation | - | - | - | Total |
|-------------------------------------|----------|---------------------------|------------------|--------------------------------------|---|---|---|-------------------|
| Carrying amount 1 July 2017 | - | - | 3,191,815 | 12,513,720 | - | - | - | 28,457,434 |
| Cost/valuation | - | - | 3,191,815 | 12,513,720 | - | - | - | 41,335,347 |
| Accumulated depreciation | - | - | - | - | - | - | - | (12,877,913) |
| Additions | - | - | 2,744,086 | - | - | - | - | 3,753,479 |
| Transfers | - | - | (3,732,041) | 3,238 | - | - | - | (413,305) |
| Revaluations | - | - | - | 86,312 | - | - | - | 86,312 |
| Disposals | - | - | - | - | - | - | - | (353,210) |
| Depreciation | - | - | - | - | - | - | - | (1,318,985) |
| Carrying amount 30 June 2018 | - | - | 2,203,860 | 12,603,270 | - | - | - | 30,211,725 |
| Cost/valuation | - | - | 2,203,860 | 12,603,270 | - | - | - | 42,895,886 |
| Accumulated depreciation | - | - | - | - | - | - | - | (12,684,161) |
| Additions | - | - | 1,748,999 | - | - | - | - | 2,271,617 |
| Transfers | - | - | (3,087,717) | 358,128 | - | - | - | (214,820) |
| Revaluations | - | - | - | 319,972 | - | - | - | 319,972 |
| Disposals | - | - | - | - | - | - | - | (18,331) |
| Depreciation | - | - | - | - | - | - | - | (1,390,383) |
| Carrying amount 30 June 2019 | - | - | 865,142 | 13,281,370 | - | - | - | 31,179,780 |
| Cost/valuation | - | - | 865,142 | 13,281,370 | - | - | - | 44,920,555 |
| Accumulated depreciation | - | - | - | - | - | - | - | (13,740,775) |

Disposals are disclosed on a net basis therefore cost and accumulated depreciation is not able to be recalculated from above information.

| Group | Land at cost | Land at valuation | Buildings at cost | Buildings at valuation | Motor vehicles | Plant, equipment and fittings | Office furniture | Computer equipment |
|-------------------------------------|------------------|-------------------|-------------------|------------------------|------------------|-------------------------------|------------------|--------------------|
| Carrying amount 1 July 2017 | 2,142,509 | 90,923,125 | 25,231,609 | 26,153,798 | 1,403,159 | 1,467,660 | 115,367 | 334,285 |
| Cost/valuation | 2,142,509 | 90,923,125 | 44,042,975 | 27,126,691 | 3,070,475 | 6,149,707 | 695,103 | 3,007,192 |
| Accumulated depreciation | - | - | (18,811,366) | (972,893) | (1,667,316) | (4,682,047) | (579,736) | (2,672,907) |
| Additions | (22,565) | - | (8,619) | 2,167,228 | 610,856 | 288,169 | 2,191 | 160,481 |
| Transfers | 194,035 | - | 2,658,060 | - | - | 404,662 | 3,741 | - |
| Impairment | - | - | (202,000) | (15,514,988) | - | - | - | - |
| Revaluations | - | - | - | - | - | - | - | - |
| Disposals | - | - | (199,004) | - | (85,079) | (54,411) | (2,548) | (12,168) |
| Depreciation | - | - | (1,311,080) | (611,686) | (532,516) | (357,439) | (27,390) | (134,975) |
| Carrying amount 30 June 2018 | 2,313,979 | 90,923,125 | 26,168,966 | 12,194,352 | 1,396,420 | 1,748,641 | 91,361 | 347,623 |
| Cost/valuation | 2,313,979 | 90,923,125 | 46,066,759 | 13,778,930 | 3,240,467 | 5,891,236 | 670,892 | 3,145,502 |
| Accumulated depreciation | - | - | (19,897,793) | (1,584,578) | (1,844,047) | (4,142,595) | (579,531) | (2,797,879) |
| Additions | - | - | 3,289,870 | 1,705,530 | 99,000 | 1,775,232 | 832 | 159,143 |
| Capitalisation | - | - | - | - | - | - | - | - |
| Transfers | - | - | 2,101,155 | - | - | 413,614 | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Revaluations | - | 4,533,505 | - | - | - | - | - | - |
| Disposals | - | - | (45,548) | (1,400) | (10,705) | (3,336) | - | (4,290) |
| Depreciation | - | - | (1,424,321) | (311,010) | (500,994) | (935,231) | (24,858) | (139,699) |
| Carrying amount 30 June 2019 | 2,313,979 | 95,456,630 | 30,090,122 | 13,587,472 | 983,721 | 2,998,920 | 67,335 | 362,777 |
| Cost/valuation | 2,313,979 | 95,456,630 | 48,590,458 | 15,483,060 | 3,175,025 | 7,935,434 | 671,724 | 3,289,560 |
| Accumulated depreciation | - | - | (18,500,336) | (1,895,588) | (2,191,304) | (4,936,514) | (604,389) | (2,926,783) |

| Group | Dredging | Port services & equipment | Work in progress | Flood and river control at valuation | - | - | - | Total |
|-------------------------------------|-------------------|---------------------------|-------------------|--------------------------------------|---|---|---|--------------------|
| Carrying amount 1 July 2017 | 20,213,215 | 35,396,664 | 20,356,790 | 12,513,720 | - | - | - | 236,251,901 |
| Cost/valuation | 27,181,870 | 98,382,971 | 20,356,790 | 12,513,720 | - | - | - | 335,593,128 |
| Accumulated depreciation | (6,968,655) | (62,986,307) | - | - | - | - | - | (99,341,227) |
| Additions | - | 4,092,213 | 18,494,111 | - | - | - | - | 25,784,065 |
| Transfers | - | 89,000 | (8,749,041) | 3,238 | - | - | - | (5,396,305) |
| Impairment | (13,000) | (1,540,000) | - | - | - | - | - | (17,269,988) |
| Revaluations | - | - | - | 86,312 | - | - | - | 86,312 |
| Disposals | - | - | - | - | - | - | - | (353,210) |
| Depreciation | (1,253,215) | (4,479,003) | (576,000) | - | - | - | - | (9,283,304) |
| Carrying amount 30 June 2018 | 18,947,000 | 33,558,874 | 29,525,860 | 12,603,270 | - | - | - | 229,819,471 |
| Cost/valuation | 25,202,000 | 100,988,875 | 30,101,860 | 12,603,270 | - | - | - | 334,926,895 |
| Accumulated depreciation | (6,255,000) | (67,430,001) | (576,000) | - | - | - | - | (105,107,424) |
| Additions | 2,251,108 | 28,713,023 | 12,963,911 | - | - | - | - | 50,957,649 |
| Capitalisation | - | - | (34,416,091) | - | - | - | - | (34,416,091) |
| Transfers | - | - | (3,087,717) | 358,128 | - | - | - | (214,820) |
| Impairment | - | - | - | - | - | - | - | - |
| Revaluations | - | - | - | 319,972 | - | - | - | 4,853,477 |
| Disposals | - | (313,694) | - | - | - | - | - | (378,973) |
| Depreciation | (1,224,369) | (5,516,513) | 576,000 | - | - | - | - | (9,500,995) |
| Carrying amount 30 June 2019 | 19,973,739 | 56,441,690 | 5,561,963 | 13,281,370 | - | - | - | 241,119,718 |
| Cost/valuation | 24,958,512 | 125,914,128 | 5,561,963 | 13,281,370 | - | - | - | 346,631,843 |
| Accumulated depreciation | (4,984,773) | (69,472,438) | - | - | - | - | - | (105,512,125) |

Disposals are disclosed on a net basis therefore cost and accumulated depreciation is not able to be recalculated from above information.

POLICIES

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group, and if the item's cost or fair value can be measured reliably. Subsequent to initial recognition, property, plant and equipment are measured using either the cost model or the revaluation model.

For Council, land and work in progress is recorded at cost, flood and river control assets are recorded at fair value as determined by a valuer and all other assets are recorded at cost less accumulated depreciation and any impairment. For Port Taranaki Limited, land is recorded at fair value as determined by a valuer and all other assets are recorded at cost less accumulated depreciation and any impairment. For Taranaki Stadium Trust, land and buildings is recorded at fair value as determined by a valuer less any accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. All other assets are recorded at cost less accumulated depreciation and any impairment.

Revaluation is performed on a class-by-class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The valuation cycle for revalued asset classes is normally three years. A revaluation surplus is recorded in other comprehensive revenue and expense and credited to the asset revaluation reserve in net assets/equity. However, to the extent that it reverses a revaluation deficit of the same class of asset previously recognised in surplus or deficit, the increase is recognised in surplus or deficit. A revaluation deficit is recognised in the surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

The residual value and the useful life of assets are reviewed at least annually. Depreciation calculated on a straight-line basis, which writes off the value of the assets over their expected remaining lives after allowing for residual values where applicable. The depreciation rates are as follows:

| | | |
|-------------------------------|---------------|-------------|
| Buildings | 5 to 50 yrs | 2 to 20% |
| Motor vehicles | 5 yrs | 20% |
| Plant and equipment | 2.5 to 25 yrs | 4 to 40% |
| Office furniture and fittings | 5 to 10 yrs | 10 to 20% |
| Computer equipment | 5 yrs | 20% |
| Port services and equipment | 3 to 66 yrs | 0.67 to 33% |
| Dredging | 2 yrs | Nil to 50% |

POLICIES

Flood scheme assets – the nature of these assets is equivalent to land improvements and, as such, they do not incur a loss of service potential over time. Land and flood scheme assets are not depreciated. Maintenance costs are expensed as they are incurred in the surplus or deficit in the *Statement of Comprehensive Revenue and Expense*.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the *Statement of Comprehensive Revenue and Expense*. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

For non-financial non-cash-generating assets, except for those assets that are valued using the revaluation model, the Group assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the *Statement of Comprehensive Revenue and Expense*. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

For non-financial non-cash-generating assets, except for those assets that are valued using the revaluation model, the Group assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. Impairment losses are recognised immediately in surplus or deficit.

The Port has changed its classification of PP&E in the current year compared with the prior year, to group together assets of a similar nature and use in the Port's operations. Prior year asset categories that is included within port services and equipment are: port installations, bulk tanks, plant equipment and fittings, and floating plant.

NOTES

The Waitara River Flood Protection Scheme assets, Okato River Flood Protection Scheme assets, Opunake Flood Protection Scheme assets and the Waiwhakaiho River Flood Protection Scheme assets were independently valued at 30 June 2019 at depreciated replacement cost, by Mr John Philpott (Registered Engineer and member of IPENZ, Masters of Civil Engineering of John Philpott & Associates Ltd). The revalued amount of land used in this report less the capital work in progress amounts to \$13,281,370 (2017/2018 - \$12,603,270). The carrying amount of land had it been recognised under the cost model is \$2,825,194 (2017/2018 - \$2,825,194). Information about core assets pursuant to Regulation 6 of the *Local Government (Financial Reporting and Prudence) Regulations 2014*. The Council does not have water supply, sewerage, stormwater drainage or roads and footpaths and, consequently, has no disclosures to make.

Port Taranaki Ltd land was revalued at 30 June 2019 by Telfer Young (Taranaki) Ltd, New Plymouth. Telfer Young is an independent valuer. The carrying amount of land had it been recognised under the cost model is \$30,020,697 (\$30,020,697 - 2017/2018). Port Taranaki Ltd land assets have been valued on their highest and best use taking into account the existing zoning, potential for utilisation and localised port market. All land holdings are used or held for port operational requirements and as such are valued under the requirements of PBE IPSAS 17 using fair value (market value).

Taranaki Stadium Trust land and buildings were last valued as at 30 June 2017, by Ian Baker, a registered valuer with Telfer Young (Taranaki) Ltd. Land and buildings were adjusted in the financial statements, for the year ending 30 June 2017, to reflect this revaluation. The land and 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. The total fair value of the land and buildings valued at 30 June 2017 was \$27,865,109.

Impairment: Taranaki Stadium Trust

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.

The West Stand increased to 45% of new building standard if the seats were closed to public use and only the facilities at the top of the stand used. At 45% of the standard, the stand was not considered earthquake prone and could be used again, with the public excluded from the seats. The total carrying value of the East and West Stands before the recognition of impairment loss amounted to \$19,726,399.

NOTES

Based upon knowledge as at 30 June 2018, 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 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. Detailed designs for different components of the project are being drawn up by engineering consultants, and a project manager appointed to oversee the project.

This work essentially restores what existed, with essential updates. The estimated cost is \$48 million, with a contingency allowance of \$2 million which will be funded by a 25 year loan through Taranaki Regional Council.

Work to implement the fixes will commence in the 2019/2020 year. As at 30 June 2019 the carrying amount of the relevant buildings is appropriate and no further impairment recognised in the 2018/2019 year.

Impairment: Port Taranaki Limited

In December 2017, the Port announced the formal exit from their container business. On doing so they reviewed those specific assets and wrote down the assets to their recoverable value. At the end of the 2017/2018 period, two buildings and two tanks were written off as they were deemed to be unusable for the Port operations.

11. Intangible assets

| Council | Computer software | Total |
|-------------------------------------|--------------------------|------------------|
| Carrying amount 30 June 2017 | 487,942 | 487,942 |
| Cost/valuation | 2,775,206 | 2,775,206 |
| Accumulated depreciation | (2,287,264) | (2,287,264) |
| Additions | 195,065 | 195,065 |
| Transfers | 512,305 | 512,305 |
| Disposals | - | - |
| Amortisation | (153,894) | (153,894) |
| Carrying amount 30 June 2018 | 1,041,418 | 1,041,418 |
| Cost/valuation | 3,482,576 | 3,482,576 |
| Accumulated depreciation | (2,441,158) | (2,441,158) |
| Additions | 58,730 | 58,730 |
| Transfers | 214,820 | 214,820 |
| Disposals | - | - |
| Amortisation | (245,851) | (245,851) |
| Carrying amount 30 June 2019 | 1,069,117 | 1,069,117 |
| Cost/valuation | 3,756,125 | 3,756,125 |
| Accumulated depreciation | (2,687,008) | (2,687,008) |
| Group | Computer software | Total |
| Carrying amount 30 June 2017 | 1,152,985 | 1,152,985 |
| Cost/valuation | 7,250,896 | 7,250,896 |
| Accumulated depreciation | (6,097,911) | (6,097,911) |
| Additions | 238,523 | 238,523 |
| Transfers | 512,305 | 512,305 |
| Disposals | - | - |
| Amortisation | (391,395) | (391,395) |
| Carrying amount 30 June 2018 | 1,512,418 | 1,512,418 |
| Cost/valuation | 8,001,724 | 8,001,724 |
| Accumulated depreciation | (6,489,306) | (6,489,306) |
| Additions | 219,810 | 219,810 |
| Transfers | 214,820 | 214,820 |
| Disposals | - | - |
| Amortisation | (468,589) | (468,589) |
| Carrying amount 30 June 2019 | 1,478,459 | 1,478,459 |
| Cost/valuation | 7,975,671 | 7,975,671 |
| Accumulated depreciation | (6,497,212) | (6,497,212) |

POLICIES

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets. The Group holds several computer software packages for internal use, including purchased software and software developed in-house by the Group. Purchased software is recognised and measured at the cost incurred to acquire the software. Developed software is recognised and measured during the development stage in accordance with the Research and Development paragraph below. Costs that are directly associated with the development of the software, including employee costs, are capitalised as an intangible asset. Staff training costs and costs associated with maintaining computer software are recognised as expenses in surplus or deficit when incurred. The estimated useful lives are as follows:

| | | |
|-------------------|-------|-----|
| Computer software | 5 yrs | 20% |
|-------------------|-------|-----|

12. Inventories

| Notes | Council | | Group | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Plant materials | 23,900 | 56,108 | 23,900 | 56,108 |
| Maintenance consumables | - | - | 709,428 | 638,000 |
| Total inventories | 23,900 | 56,108 | 733,328 | 694,108 |

POLICIES

Inventories are valued at the lower of weighted average cost or net realisable value.

13. Investments

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Current portion of investments | | | | |
| Term deposits | 8,363,322 | 5,399,129 | 8,363,322 | 5,399,129 |
| Treasury investments - corporate bonds/notes | - | - | - | - |
| Total current portion of investments | 8,363,322 | 5,399,129 | 8,363,322 | 5,399,129 |
| Non-current investments | | | | |
| Term deposits | 1,625,250 | 1,500,000 | 1,625,250 | 1,500,000 |
| Treasury investments - corporate bonds/notes | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Port Taranaki Ltd (unlisted shares) | 26,000,000 | 26,000,000 | - | - |
| Civic Assurance (unlisted shares) | 1,000 | 1,000 | 1,000 | 1,000 |
| Regional Software Holdings Ltd | 798,118 | 798,118 | 798,118 | 798,118 |
| Total non-current investments | 29,424,368 | 29,299,118 | 3,424,368 | 3,299,118 |
| Total investments | 37,787,690 | 34,698,247 | 11,787,690 | 8,698,247 |

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Term deposit maturity dates and effective interest rates | | | | |
| Term deposits maturing in less than 1 year | 8,363,322 | 5,399,129 | 8,363,322 | 5,399,129 |
| Weighted average effective interest rate | 3.43% | 3.62% | 3.43% | 3.62% |
| Term deposits maturing in 1 to 2 years | 1,625,250 | 1,500,000 | 1,625,250 | 1,500,000 |
| Weighted average effective interest rate | 3.60% | 4.00% | 3.60% | 4.00% |
| Corporate bonds/notes maturity dates and effective interest rates | | | | |
| Corporate bonds maturing in less than 1 year | - | - | - | - |
| Weighted average effective interest rate | - | - | - | - |
| Corporate bonds maturing in 1 to 4 years | - | - | - | - |
| Weighted average effective interest rate | - | - | - | - |
| Corporate notes maturing in 5 to 10 years | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Weighted average effective interest rate | 5.31% | 5.31% | 5.31% | 5.31% |
| Corporate bonds/notes carrying value | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Corporate bonds/notes market value | 1,037,668 | 1,034,119 | 1,037,668 | 1,034,119 |

POLICIES

Consolidated financial statements comprise the financial statements of the Council and its controlled entities as at 30 June. Controlled entities are all those over which the Council has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of the controlled entities are prepared for the same reporting period as the Council, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full. At the end of each reporting period, the Council assesses whether there are any indicators that the carrying value of the investment in controlled entities may be impaired. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised. Investments held by the Council are accounted for at cost less any impairment charges in the financial statements of the Council.

NOTES

Corporate bonds and term deposits are held to maturity. Unlisted shares are valued at cost price. There are no impairment provisions for investments.

- NZ Local Government Insurance Corporation Limited (Civic Assurance)—insurance company—30 June balance date—1,000 shares
- Port Taranaki Ltd—port operator—100% owned subsidiary—30 June balance date—52,000,000 shares
- Regional Software Holdings Ltd—15.5% owned subsidiary—30 June balance date—1,550 shares

14. Investment property

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Balance 1 July | 17,380,500 | 16,669,500 | 17,380,500 | 16,669,500 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Transfer to property, plant and equipment | - | (99,000) | - | (99,000) |
| Fair value gains/(losses) on valuation | 1,132,500 | 810,000 | 1,132,500 | 810,000 |
| Balance 30 June | 18,513,000 | 17,380,500 | 18,513,000 | 17,380,500 |
| Comprising: | | | | |
| Current assets | - | - | - | - |
| Non-current assets | 18,513,000 | 17,380,500 | 18,513,000 | 17,380,500 |
| Total investment property | 18,513,000 | 17,380,500 | 18,513,000 | 17,380,500 |
| Reconciliation of net surplus on investment properties | | | | |
| Rental income derived from investment properties | 888,862 | 894,520 | 844,480 | 850,138 |
| Direct operating expenses (including repairs and maintenance) generating rental income | 5,000 | 2,668 | 5,000 | 2,668 |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales) | 1,452 | - | 1,452 | - |
| Surplus arising from investment properties carried at fair value | 882,410 | 891,852 | 838,028 | 847,470 |

POLICIES

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in surplus or deficit in the year in which they arise.

NOTES

Investment properties are independently valued annually at fair value effective 30 June. All investment properties are valued based on the comparable sales approach using assumptions the valuer believed to be fair and reasonable at the date of valuation. The valuation was performed by TelferYoung (Taranaki) Limited. TelferYoung (Taranaki) Limited are a registered experienced valuer with extensive market knowledge. The total fair value of the property valued at 30 June 2019 was \$18,513,000 (2017/2018—\$17,380,500).

15. Payables

| | Notes | Council | | Group | |
|--|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Payables from exchange transactions | | | | | |
| Trade payables under exchange transactions | | 2,739,461 | 2,421,401 | 9,958,814 | 9,748,955 |
| Accrued pay | | 477,626 | 550,917 | 935,655 | 932,140 |
| Total payables from exchange transactions | | 3,217,087 | 2,972,318 | 10,894,469 | 10,681,095 |
| Comprising: | | | | | |
| Current liabilities | | 3,217,087 | 2,972,318 | 10,894,469 | 10,681,095 |
| Non-current liabilities | | | | | |
| Total payables from exchange transactions | | 3,217,087 | 2,972,318 | 10,894,469 | 10,681,095 |
| Payables from non-exchange transactions | | | | | |
| Trade payables under non-exchange transactions | | 2,380,334 | 1,634,160 | 1,771,631 | 1,634,160 |
| Total payables from non-exchange transactions | | 2,380,334 | 1,634,160 | 1,771,631 | 1,634,160 |
| Comprising: | | | | | |
| Current liabilities | | 2,380,334 | 1,634,160 | 1,771,631 | 1,634,160 |
| Non-current liabilities | | | | | |
| Total payables from non-exchange transactions | | 2,380,334 | 1,634,160 | 1,771,631 | 1,634,160 |

POLICIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

16. Employee entitlements

| | Notes | Council | | Group | |
|------------------------------------|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Holiday leave | | 832,933 | 832,459 | 1,774,257 | 1,786,004 |
| Sick leave | | 102,500 | 107,100 | 162,500 | 167,100 |
| Long service leave | | 313,000 | 409,400 | 554,903 | 619,855 |
| Retirement gratuities | | 636,000 | 558,000 | 1,370,000 | 1,298,000 |
| Total employee entitlements | | 1,884,433 | 1,906,959 | 3,861,660 | 3,870,959 |
| Comprising: | | | | | |
| Current liabilities | | 1,106,133 | 1,189,559 | 2,330,360 | 2,461,559 |
| Non-current liabilities | | 778,300 | 717,400 | 1,531,300 | 1,409,400 |
| Total employee entitlements | | 1,884,433 | 1,906,959 | 3,861,660 | 3,870,959 |

POLICIES

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Employees of the Group become eligible for long service leave after a certain number of years of employment, depending on their contract. The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. The Group's liability is based on an actuarial valuation. Actuarial gains and losses on the long-term incentives are accounted for in the *Statement of Comprehensive Revenue and Expense*.

17. Borrowings

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Current liabilities | | | | |
| Secured loans - ASB | - | - | 67,481 | 18,000 |
| Secured loans - TSB Bank | - | - | 3,915,290 | 3,950,273 |
| Total current liability borrowings | - | - | 3,982,771 | 3,968,273 |
| Weighted average interest rate | | | 4.17% | 3.66% |
| Non-current liabilities | | | | |
| Secured loans - ASB | - | - | 45,984,110 | 40,666,800 |
| Deferred Loan Facility Fee | - | - | - | - |
| Total non-current liability borrowings | - | - | 45,984,110 | 40,666,800 |
| Weighted average interest rate | - | - | 2.75% | 3.10% |

POLICIES

All borrowing costs are expensed in the period they occur, except to the extent the borrowing costs are directly attributable to the acquisition, construction, or production of qualifying assets. These shall be capitalised as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES

The Port Taranaki Ltd secured loans are obtained under a \$55m (2017/2018—\$55m) funding facility provided by ASB Bank Limited with security by way of a negative pledge. As at 30 June 2019, \$8.9m (2017/2018—\$14.3m) was undrawn. The borrowings in the statement of financial position include accrued interest. During the year there had not been any defaults or breaches of bank covenants. The weighted average interest rate for the current liability in 2019 is 2.75% (2018: 3.10%).

The Taranaki Stadium Trust 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 variable rate of 4.17% pa (2018: 3.66%).

18. Public equity

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Retained earnings | | | | |
| Opening balance | 67,092,864 | 66,327,696 | 135,084,181 | 144,773,757 |
| Operating surplus/(deficit) | 5,676,260 | 875,551 | 5,106,219 | (9,579,193) |
| Transfers from asset revaluation reserves | - | - | - | - |
| Transfers to reserves | (3,159,808) | (169,320) | (3,159,808) | (169,320) |
| Transfers from reserves | 98,483 | 58,937 | 98,483 | 58,937 |
| Closing balance | 69,707,799 | 67,092,864 | 137,129,075 | 135,084,181 |
| Reserves | | | | |
| Opening balance | 11,239,866 | 11,129,483 | 11,239,866 | 11,129,483 |
| Transfers from retained earnings | 3,159,808 | 169,320 | 3,159,808 | 169,320 |
| Transfers to retained earnings | (98,483) | (58,937) | (98,483) | (58,937) |
| Closing balance | 14,301,191 | 11,239,866 | 14,301,191 | 11,239,866 |

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| <i>North Taranaki/Waitara River Control Scheme reserve</i> | | | | |
| Opening balance | 1,161,747 | 1,096,571 | 1,161,747 | 1,096,571 |
| Transfers from retained earnings | 41,591 | 65,953 | 41,591 | 65,953 |
| Transfers to retained earnings | (37,706) | (777) | (37,706) | (777) |
| Closing balance | 1,165,632 | 1,161,747 | 1,165,632 | 1,161,747 |
| <p>The Council strikes a targeted rate based on capital values over the New Plymouth District for purposes of:</p> <ul style="list-style-type: none"> • maintenance of the Waitara River Flood Protection scheme • the construction of flood protection works in the lower Waiwhakaiho catchment; and • for other minor river control works which are required for flood protection in the district. <p>Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on the above purposes. This reserve fund relates to the <i>Hazard management</i> group of activities.</p> | | | | |
| <i>South Taranaki Rivers Control Scheme reserve</i> | | | | |
| Opening balance | (18,160) | - | (18,160) | - |
| Transfers from retained earnings | 16,463 | - | 16,463 | - |
| Transfers to retained earnings | (20,777) | (18,160) | (20,777) | (18,160) |
| Closing balance | (22,474) | (18,160) | (22,474) | (18,160) |
| <p>The Council strikes a targeted rate based on capital values over the South Taranaki constituency for purposes of:</p> <ul style="list-style-type: none"> • construction and maintenance of the Opunake Flood Protection scheme • other minor river control works which are required for flood protection in the South Taranaki constituency. <p>Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on the above purposes. This reserve fund relates to the <i>Hazard management</i> group of activities.</p> | | | | |
| <i>Contingency/disaster reserve</i> | | | | |
| Opening balance | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 |
| Transfers from retained earnings | - | - | - | - |
| Transfers to retained earnings | - | - | - | - |
| Closing balance | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 |
| <p>This reserve was created to meet the Council's share of the replacement cost of infrastructure assets affected by natural disasters. It also covers the Council's commitments under the <i>National Civil Defence Plan</i> in the event of emergencies. It is available for any other contingency or emergency response purposes including oil spill response and flood response. This reserve fund relates to the <i>Resource management</i> and the <i>Hazard management</i> groups of activities.</p> | | | | |
| <i>Dividend equalisation reserve</i> | | | | |
| Opening balance | 6,395,766 | 6,395,766 | 6,395,766 | 6,395,766 |
| Transfers from retained earnings | 438,297 | - | 438,297 | - |
| Transfers to retained earnings | - | - | - | - |
| Closing balance | 6,834,063 | 6,395,766 | 6,834,063 | 6,395,766 |
| <p>The Council transfers dividends received in excess of budget to this reserve. The reserve is to be used to equalise dividend returns over time. Dividends in excess of budget since 1996/97 have been transferred to the reserve. Prior to 1996/97 all dividends were used to repay debt incurred during the incorporation of Port Taranaki Ltd. From 1996/97 onwards dividends have been used to reduce the general rate requirement. This reserve fund relates to all groups of activities.</p> | | | | |

| | Council | | Group | |
|---|-----------------------------------|------------------------|---------------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| <i>Passenger transport targeted rate reserve (New Plymouth/North Taranaki)</i> | | | | |
| Opening balance | 46,513 | 83,146 | 46,513 | 83,146 |
| Transfers from retained earnings | 1,665 | 3,367 | 1,665 | 3,367 |
| Transfers to retained earnings | (40,000) | (40,000) | (40,000) | (40,000) |
| Closing balance | 8,178 | 46,513 | 8,178 | 46,513 |
| <p>The Council strikes a targeted rate based on capital values over the New Plymouth District for purposes of funding passenger transport services. Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on these purposes. This reserve fund relates to the <i>Transport</i> group of activities.</p> | | | | |
| | Council 2018/2019 Actual \$ | 2017/2018 Actual \$ | Group 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| <i>Egmont national park control reserve</i> | | | | |
| Opening balance | 398,000 | 298,000 | 398,000 | 298,000 |
| Transfers from retained earnings | 100,000 | 100,000 | 100,000 | 100,000 |
| Transfers to retained earnings | - | - | - | - |
| Closing balance | 498,000 | 398,000 | 498,000 | 398,000 |
| <p>This reserve was created to meet the Council's share of the costs associated with initial control works and maintenance works resulting from the cyclical pest control works undertaken by the Department of Conservation in the Egmont National Park. This reserve smoothes the Council's revenue and expenditure. Funds are transferred to the reserve annually. When the Council's expenditure is incurred the funding is sourced from the reserve fund. This reserve fund relates to the <i>Biosecurity</i> group of activities.</p> | | | | |
| | Council 2018/2019 Actual \$ | 2017/2018 Actual \$ | Group 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| <i>Endowment land sales reserve</i> | | | | |
| Opening balance | 2,170,000 | 2,170,000 | 2,170,000 | 2,170,000 |
| Transfers from retained earnings | - | - | - | - |
| Transfers to retained earnings | - | - | - | - |
| Closing balance | 2,170,000 | 2,170,000 | 2,170,000 | 2,170,000 |
| <p>This reserve was created to account for the proceeds from the sale of endowment land. The proceeds from the sale of endowment lands can only be used for purposes specified by the <i>Local Government Act 1974</i> and the <i>Local Government Act 2002</i>. This reserve fund relates to all groups of activities.</p> | | | | |
| | Council 2018/2019 Actual \$ | 2017/2018 Actual \$ | Group 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| <i>Waitara lands reserve</i> | | | | |
| Opening balance | - | - | - | - |
| Transfers from retained earnings | 2,561,792 | - | 2,561,792 | - |
| Transfers to retained earnings | - | - | - | - |
| Closing balance | 2,561,792 | - | 2,561,792 | - |
| <p>This reserve was created to account for the proceeds from both rent and the sale of endowment land in Waitara arising from the <i>New Plymouth District Council (Waitara Lands) Act 2018</i>. The proceeds can only be used for purposes specified by the <i>New Plymouth District Council (Waitara Lands) Act 2018</i>, the <i>Local Government Act 1974</i> and the <i>Local Government Act 2002</i>. This reserve fund relates to the resource management group of activities.</p> | | | | |

| | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Total reserves | 14,301,191 | 11,239,866 | 14,301,191 | 11,239,866 |
| <i>Asset revaluation reserves</i> | | | | |
| Opening balance | 4,509,338 | 4,423,026 | 63,261,766 | 65,613,854 |
| Transfer to retained earnings on asset disposal | - | - | - | - |
| Change in asset value | 319,972 | 86,312 | 4,853,477 | (2,352,088) |
| Closing balance | 4,829,310 | 4,509,338 | 68,115,243 | 63,261,766 |
| <i>Waitara flood control scheme</i> | | | | |
| Opening balance | 2,962,866 | 2,944,104 | 2,962,866 | 2,944,104 |
| Change in asset value | 137,770 | 18,762 | 137,770 | 18,762 |
| Closing balance | 3,100,636 | 2,962,866 | 3,100,636 | 2,962,866 |
| <i>Waiwhakaiho flood control scheme</i> | | | | |
| Opening balance | 1,489,312 | 1,424,022 | 1,489,312 | 1,424,022 |
| Change in asset value | 94,160 | 65,290 | 94,160 | 65,290 |
| Closing balance | 1,583,472 | 1,489,312 | 1,583,472 | 1,489,312 |
| <i>Okato flood control scheme</i> | | | | |
| Opening balance | 57,160 | 54,900 | 57,160 | 54,900 |
| Change in asset value | 6,330 | 2,260 | 6,330 | 2,260 |
| Closing balance | 63,490 | 57,160 | 63,490 | 57,160 |
| <i>Opunake flood control scheme</i> | | | | |
| Opening balance | - | - | - | - |
| Change in asset value | 81,712 | - | 81,712 | - |
| Closing balance | 81,712 | - | 81,712 | - |
| <i>Land</i> | | | | |
| Opening balance | - | - | 58,752,428 | 58,752,428 |
| Change in asset value | - | - | 4,533,505 | - |
| Closing balance | - | - | 63,285,933 | 58,752,428 |
| <i>Buildings</i> | | | | |
| Opening balance | - | - | - | 2,438,400 |
| Transfer to retained earnings on asset disposal | - | - | - | - |
| Change in asset value | - | - | - | (2,438,400) |
| Closing balance | - | - | - | - |
| Total asset revaluation reserves | 4,829,310 | 4,509,338 | 68,115,243 | 63,261,766 |
| <i>Cash flow hedge reserve</i> | | | | |
| Opening balance | - | - | (996,966) | (1,255,456) |
| Change in cash flow hedge reserve | - | - | 197,813 | 258,490 |
| Total cash flow hedge reserve | - | - | (799,153) | (996,966) |
| Total public equity | 88,838,300 | 82,842,068 | 218,746,356 | 208,588,847 |

POLICIES

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Accumulated comprehensive revenue and expense is the Council and Group's accumulated surplus or deficit, adjusted for transfers to/from specific reserves. The asset revaluation reserve is for the revaluation of those PP&E items that are measured at fair value after initial recognition. The cash flow hedge reserve is for the revaluation of derivatives designated as cash flow hedges. It consists of the cumulative effective portion of net changes in the fair value of these derivatives. Targeted rates reserves are a restricted equity reserve that comprises funds raised by the Council through targeted rates. The use of these funds is restricted to the specific purpose for which the targeted rates were levied. A special purpose reserve is a restricted equity reserve created by the Council for the specific identified purpose. The use of these funds is restricted to the specific purpose.

The Council manages the Group's capital as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The *Local Government Act 2002* requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. Additionally, *The Local Government (Financial Reporting and Prudence) Regulation 2014* sets out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently. An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long-Term Plan and Annual Plan are met in the manner set out in those plans. The *Local Government Act 2002* requires the Council to make adequate and effective provision in its Long-Term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the appropriate sources of funding for each of its activities are set out in the *Local Government Act 2002*. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-Term Plan. The Council monitors actual expenditure incurred against the Long-term Plan and Annual Plan

19. Remuneration

| | Council | |
|---|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Total remuneration of Members | | |
| Councillor M J Cloke | 41,270 | 41,823 |
| Councillor M G Davey | 40,585 | 40,883 |
| Councillor M P Joyce | 52,848 | 53,012 |
| Councillor D L Lean—Deputy Chairman | 60,429 | 60,943 |
| Councillor C L Littlewood | 40,686 | 41,053 |
| Councillor D N MacLeod—Chairman | 103,740 | 103,740 |
| Councillor M J McDonald | 40,469 | 40,628 |
| Councillor D H McIntyre | 40,463 | 40,676 |
| Councillor B K Raine | 40,803 | 41,138 |
| Councillor N W Walker | 57,748 | 57,963 |
| Councillor C S Williamson | 48,974 | 49,491 |
| Number of full-time employees | 120 | 117 |
| Full-time equivalent of all other employees | 28 | 21 |
| Number of employees receiving total annual remuneration below \$60,000 | 56 | 60 |
| Number of employees receiving total annual remuneration between \$60,000 and \$79,999 | 66 | 63 |
| Number of employees receiving total annual remuneration between \$80,000 and \$99,999 | 19 | 15 |
| Number of employees receiving total annual remuneration between \$100,000 and \$119,999 | 6 | 8 |
| Number of employees receiving total annual remuneration between \$120,000 and \$139,999 | 8 | 8 |
| Number of employees receiving total annual remuneration between \$140,000 and \$379,999 | 7 | 6 |

NOTES

The Chief Executive of the Taranaki Regional Council, appointed under section 42(1) of the *Local Government Act 2002*, received a salary of \$340,999 (\$333,858 —2017/2018). In addition to salary the Chief Executive is entitled to private use of a Council vehicle, contribution to superannuation, professional membership fees and medical fees. Total remuneration was \$375,074 (\$367,000).

During the year ended 30 June 2019, the Council made one severance payment of \$10,000 (one payment of \$5,000 – 2017/2018).

20. Subsequent events

NOTES

For the Council, there have been no material events subsequent to balance date (2017/2018: Nil). For the Port, there have been no material events subsequent to balance date (2017/2018: Nil). For the Trust, there have been no material events subsequent to balance date (2017/2018 Nil).

21. Reconciliation of net operating surplus to net cash flows from operating activities

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Surplus/(deficit) for the period | 5,676,260 | 875,551 | 5,106,219 | (9,579,193) |
| Add/(less) non-cash items | | | | |
| Depreciation and amortisation | 1,636,234 | 1,472,879 | 10,038,671 | 9,674,980 |
| Deferred tax movement | (42,051) | - | 763,740 | (33,000) |
| Impairment of assets | - | - | - | 14,851,588 |
| Donated plant and equipment | - | - | (608,702) | - |
| Investment property: unrealised (gain)/loss | (1,132,500) | (810,000) | (1,132,500) | (810,000) |
| | 6,137,943 | 1,538,430 | 14,167,428 | 14,104,375 |
| Add/(less) movements in assets and liabilities | | | | |
| Trade and other receivables | 282,212 | (923,196) | 890,192 | (2,822,303) |
| Taxation refundable | - | 1,446 | - | 1,446 |
| Prepayments | (30,574) | (8,780) | (30,574) | (8,780) |
| Inventories | 32,208 | (14,345) | (39,187) | (53,345) |
| Derivative financial instruments | - | - | - | - |
| Work in progress—current liability | 56,560 | 181,526 | 56,560 | 181,526 |
| Work in progress—current asset | (10,150) | (33,950) | (10,150) | (33,950) |
| Trade and other payables | 990,944 | 1,480,573 | (1,467,414) | 3,828,044 |
| Employee entitlements | (22,526) | 93,774 | (9,418) | 72,774 |
| Taxation payable | - | - | 200,251 | 446,000 |
| Add/(less) investing activity items | | | | |
| (Profit)/loss on sale of assets (net) | (44,582) | 29,830 | (19,899) | 29,830 |
| Movement in fixed asset debtors | (218,325) | 218,325 | 62,232 | (100,675) |
| Movement in fixed asset creditors | 83,362 | 106,847 | 83,362 | 106,847 |
| Cash inflow from operating activities | 7,257,072 | 2,670,480 | 13,883,383 | 15,751,789 |

POLICIES

Cash flows from operating activities are presented using the direct method. Definitions of terms used in the *Statement of Cash Flows*:

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

Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

22. Related party transactions

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Councillors total remuneration (11 people, 3 FTE) | 568,015 | 571,350 | 568,015 | 571,350 |
| Council senior management total remuneration (5 FTE) | 1,253,759 | 1,226,771 | 1,253,759 | 1,226,771 |
| Port Directors total remuneration (1 FTE) | - | - | 334,027 | 353,000 |
| Port senior management total remuneration (5 FTE) | - | - | 1,492,000 | 1,488,000 |

POLICIES

All transactions between the Council and the entities that it controls are undertaken in the normal course of business.

NOTES

Councillors and key management are, as part of a normal customer relationship, involved with minor transactions with the Council (such as payment of rates). The Chairperson of the Council (Councillor David MacLeod) and Councillor Charlotte Littlewood are Directors of Port Taranaki Ltd, Councillor Michael Davey and Director—Corporate Services (Michael Nield) are Trustees of Yarrow Stadium Trust and Director—Corporate Services (Michael Nield) is a Director of Regional Software Holdings Ltd. Except for items of a trivial nature, neither Councillors nor senior management has entered into related party transactions within the group. Key management personnel include the Chairperson, Councillors, Chief Executive and Directors (second tier managers).

23. Commitments and contingencies

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Commitments | | | | |
| Capital commitments approved and contracted | - | 147,620 | 8,409,000 | 11,363,620 |
| Total commitments | - | 147,620 | 8,409,000 | 11,363,620 |

NOTES

As at 30 June 2019, the Council has a \$57,905 contingent liability reliant on new land title information for a land compensation payment in relation to the construction of the Opunake Flood Control Scheme (\$57,905—2017/2018). As at 30 June 2019, the Council has a contingent asset for fines waiting to be awarded on two prosecutions through the Environment Court (2017/2018): Two prosecutions awaiting fines and pursuant to the Waitara Harbours Act 1940, the Council has an interest in 180ha of New Plymouth District Council owned Waitara Harbour endowment lands. In the event of the sale of part or all of these lands by the New Plymouth District Council, the Council has a contingent asset. At this stage, the value is uncertain).

24. Leasing arrangements

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Non-cancellable operating lease receivables | | | | |
| Lease commitments due as follows: | | | | |
| Not later than one year | 753,277 | 869,664 | 5,361,347 | 4,464,282 |
| Later than one year and not later than five years | 1,745,717 | 2,059,886 | 14,317,142 | 12,610,358 |
| Later than five years | 950,315 | 1,036,340 | 11,666,218 | 13,924,164 |

POLICIES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Finance leases are leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the Group. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Group also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

NOTES

Operating leases relate to investment properties owned by the Group with lease terms of between 5 to 21 years, with options to extend at the completion of each lease. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. Port Taranaki Limited leases a range of land and buildings to a number of customers. The majority of leases include rights of renewal for periods of up to seven years, with several land leases containing rights of renewal from 20 up to 50 years.

25. Statutory compliance

NOTES

In 2018/2019 there were no breaches of statutory compliance by the Group (2017/2018—Nil).

26. Insurance of assets

| | Council | |
|--|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| Total value of all assets of the local authority that are covered by insurance contracts | 16,653,548 | 15,977,774 |
| Maximum amount to which they are insured | 44,604,232 | 44,162,942 |
| Total value of all assets of the local authority that are covered by financial risk sharing arrangements | - | - |
| Maximum amount available to the local authority under those arrangements | - | - |
| Total value of all assets that are self-insured (only flood protection and control works) | 13,281,370 | 12,961,390 |
| Total value of funds maintained for self-insured assets (only flood protection and control works) | 1,086,000 | 1,086,000 |

27. Rating base information

| | Council | |
|--|------------------------|------------------------|
| | 2018/2019 Actual \$ | 2017/2018 Actual \$ |
| The number of rating units within the region at the end of the preceding financial year | 56,194 | 55,858 |
| The total capital value of rating units within the region at the end of the preceding financial year | 33,553,429,500 | 32,923,700,400 |
| The total land value of rating units within the region at the end of the preceding financial year | 19,728,822,450 | 19,430,718,850 |

28. Work-in-progress

POLICIES

Work-in-progress relates to unbilled time and costs (current asset) or time and costs billed-in-advance (current liability) for resource consent applications, resource consent compliance monitoring and unauthorised pollution incidents.

29. Financial instruments

POLICIES AND NOTES

The Group holds the following financial instruments:

| | 2018/2019 Estimated fair value \$ | 2018/2019 Amortised cost \$ | 2018/2019 Fair value \$ | 2017/2018 Estimated fair value \$ | 2017/2018 Amortised cost \$ | 2017/2018 Fair value \$ |
|--|--|-----------------------------------|-------------------------------|--|-----------------------------------|-------------------------------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 4,858,790 | 4,858,790 | - | 2,869,993 | 2,869,993 | - |
| Term deposits | 9,988,572 | 9,988,572 | - | 6,899,129 | 6,899,129 | - |
| Trade and other receivables | 10,207,369 | 10,207,369 | - | 11,098,078 | 11,098,078 | - |
| Held to maturity corporate bonds/notes | 1,037,668 | 1,000,000 | - | 1,034,119 | 1,000,000 | - |
| Financial liabilities | | | | | | |
| Trade and other payables | 13,274,803 | 13,274,803 | - | 12,315,255 | 12,315,255 | - |
| Employee entitlements | 3,861,660 | 3,861,660 | - | 3,870,959 | 3,870,959 | - |
| Interest bearing loans | 49,967,983 | 49,966,881 | - | 44,622,073 | 44,635,073 | - |
| Derivative financial instruments | 799,153 | - | 799,153 | 996,966 | - | 996,966 |

FAIR VALUE

The Group has carried out a fair value assessment of its financial assets and liabilities as at 30 June 2019 in accordance with *PBE IPSAS 30 Financial Instruments: Disclosures*.

The Group's derivative financial instruments (interest rate swaps) are recognised at fair value in accordance with Level 2 valuation techniques (financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable). Level 2 - the fair value is derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices). Financial instruments in this level include interest rate swaps and options and valuation of land. Fair value is stated at the indicative market value obtained from the calculation agent.

The fair value of corporate bonds and notes was estimated by an independent valuer (Bank of New Zealand) with reference to market value as at 30 June 2019. The fair value of the current loans and term loans are estimated based upon the market prices available for similar debt securities obtained from the lender at balance date.

The carrying value of the Group's other financial instruments do not materially differ from their fair value.

CLASSIFICATION AND MEASUREMENT

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or as derivatives designated as hedging instruments in an effective hedge. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value presented as other losses (negative net changes in fair value) or other gains (positive net changes in fair value) in the statement of comprehensive revenue and expense. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If there is positive intention and ability to hold these to maturity, they will be classified accordingly. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Financial liabilities are classified, at initial recognition as, payables, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge. They are initially recognised at fair value and, in the case of payables and loans and borrowings, net of directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in surplus or deficit when the liabilities are derecognised. The effective interest rate amortisation is included as finance costs in the statement of comprehensive revenue and expenditure.

IMPAIRMENT

The Group assesses, at each reporting date, whether there is evidence that a financial asset or a group of financial assets is impaired. Financial assets are impaired when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The carrying amount of an asset is reduced through the use of a provision account, and the amount of the loss is recognised in surplus or deficit. When a receivable is uncollectible, it is written off against the provision account for receivables. Subsequent recoveries of amounts previously written off are credited against surplus or deficit.

HEDGE ACCOUNTING

Port Taranaki Ltd uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates, commodity prices and interest rate risks arising from operational, financing and investment activities.

Interest rate swaps are used to hedge against changes on BKBM interest rates associated with on-going term borrowings. Details of the interest rate swaps held at 30 June 2019 are as follows (30 June 2018 comparative figures are in brackets):

- Effective commencement date: 24 June 2013 (24 June 2013)
- Rate: 3.89% (3.89%)
- Term: 84 months (84 months)
- Expiry date: 24 June 2020 (24 June 2020)
- Notional value: \$30,000,000 (\$30,000,000)

Foreign currency forward exchange contracts may be used from time to time to hedge foreign currency transactions when purchasing major fixed assets in foreign currency.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. Amounts accumulated in equity are reclassified to the statement of comprehensive revenue and expense in the periods when the hedged transaction affects surplus or deficit. If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

RISK MANAGEMENT

The main risks arising from the Group's financial instruments are summarised below. The Group seeks to minimise the effects of these risks by adhering to a treasury policy that is reviewed by the Council and Port Taranaki's board of directors respectively.

| Risk: | Exposure arising from: | How the risk is managed: |
|--------------------|--|---|
| Currency risk | Value of financial instruments fluctuating due to changes in foreign exchange rates | The Groups treasury policy allows foreign exchange forward exchange contracts to be entered into as appropriate (as described above). |
| Interest rate risk | Value of a financial instruments fluctuating due to changes in market interest rates | Reviewing banking arrangements to ensure the best return on funds while maintaining access to liquidity levels required. |
| Credit risk | Risk of default on cash and receivables balances by the other party to the transaction | Ensuring the Group places its cash with high credit quality financial institutions and monitoring aging of debtors. |
| Liquidity risk | Risk the Group cannot pay its contractual liabilities as they fall due | Active capital management and flexibility in funding arrangements in accordance with the Council's long term plan. |

Funding Impact Statement

The following information is presented for compliance with Local Government (Financial Reporting and Prudence) Regulations 2014.

In accordance with the regulations, the information presented is incomplete (in particular, the information presented does not include depreciation and internal transactions such as overheads) and it is not prepared in compliance with generally accepted accounting practice. It should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

Whole of Council funding impact statement

| | 2018/2019 | | 2017/2018 | |
|---|----------------------------|--------------------|--------------------------------|--------------------|
| | Estimate Annual Plan \$ | Actual \$ | Estimate Long- Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 7,954,392 | 7,954,393 | 7,574,175 | 7,611,858 |
| Targeted rates | 2,220,791 | 2,220,791 | 1,699,487 | 1,865,532 |
| Subsidies and grants for operating purposes | 3,646,423 | 2,835,608 | 1,883,854 | 2,272,444 |
| Fees and charges | 9,032,156 | 12,477,372 | 8,728,451 | 7,802,467 |
| Interest and dividends from investments | 9,370,000 | 10,384,864 | 7,096,928 | 6,914,677 |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total operating funding | 32,223,762 | 35,873,028 | 26,982,895 | 26,466,978 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 26,657,679 | 31,235,909 | 25,053,608 | 25,134,602 |
| Finance costs | - | - | - | - |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding | 26,657,679 | 31,235,909 | 25,053,608 | 25,134,602 |
| Surplus/(deficit) of operating funding | 5,566,083 | 4,637,119 | 1,929,287 | 1,332,376 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | 207,500 |
| Development and financial contributions | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | 384,000 | 62,913 | 118,000 | 323,381 |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding | 384,000 | 62,913 | 118,000 | 530,881 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | - | - | - | - |
| - to improve the level of service | - | - | - | 246,887 |
| - to replace existing assets | 5,303,061 | 2,330,347 | 1,589,450 | 3,701,657 |
| Increase/(decrease) in reserves | 107,509 | 3,061,325 | 144,051 | 110,384 |
| Increase/(decrease) in investments | 539,513 | (691,640) | 313,786 | (2,195,671) |
| Total applications of capital funding | 5,950,083 | 4,700,032 | 2,047,287 | 1,863,257 |
| Surplus/(deficit) of capital funding | (5,566,083) | (4,637,119) | (1,929,287) | (1,332,376) |
| Funding balance | - | - | - | - |

Resource management funding impact statement

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|--------------------|----------------------------------|--------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | 3,232,796 | 3,232,796 | 3,232,796 | 3,892,222 | 4,209,997 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | 1,702,000 | 1,702,000 | 755,563 | 245,000 | 309,196 |
| Fees and charges | 5,927,698 | 5,927,698 | 8,955,638 | 6,721,769 | 5,592,991 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 10,862,494 | 10,862,494 | 12,943,997 | 10,858,991 | 10,112,184 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 10,413,049 | 10,413,049 | 10,633,365 | 9,933,701 | 9,012,075 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 4,992,771 | 4,992,771 | 4,857,592 | 4,171,214 | 4,616,736 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 15,405,820 | 15,405,820 | 15,490,957 | 14,104,915 | 13,628,811 |
| Surplus/(deficit) of operating funding | (4,543,326) | (4,543,326) | (2,546,960) | (3,245,924) | (3,516,627) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 308,000 | 308,000 | 30,956 | 71,000 | 21,165 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 308,000 | 308,000 | 30,956 | 71,000 | 21,165 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 1,292,061 | 1,292,061 | 251,121 | 403,950 | 254,525 |
| Increase/(decrease) in reserves | - | - | 2,561,792 | - | - |
| Increase/(decrease) in investments | (5,527,387) | (5,527,387) | (5,328,917) | (3,578,874) | (3,749,987) |
| Total applications of capital funding | (4,235,326) | (4,235,326) | (2,516,004) | (3,174,924) | (3,495,462) |
| Surplus/(deficit) of capital funding | 4,543,326 | 4,543,326 | 2,546,960 | 3,245,924 | 3,516,627 |
| Funding balance | - | - | - | - | - |

Biosecurity and biodiversity funding impact statement

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|--------------------|----------------------------------|------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | 2,076,428 | 2,076,428 | 2,076,428 | 923,974 | 796,288 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 1,755,098 | 1,755,098 | 2,179,041 | 110,116 | 88,910 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 3,831,526 | 3,831,526 | 4,255,469 | 1,034,090 | 885,198 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 977,411 | 977,411 | 4,946,559 | 1,134,839 | 1,099,565 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 497,854 | 497,854 | 746,406 | 587,458 | 509,291 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 1,475,265 | 1,475,265 | 5,692,965 | 1,722,297 | 1,608,856 |
| Surplus/(deficit) of operating funding | 2,356,261 | 2,356,261 | (1,437,496) | (688,207) | (723,658) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 38,000 | 38,000 | - | 8,000 | 38,696 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 38,000 | 38,000 | - | 8,000 | 38,696 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 186,000 | 186,000 | 44,910 | 44,500 | 292,034 |
| Increase/(decrease) in reserves | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Increase/(decrease) in investments | 2,108,261 | 2,108,261 | (1,582,406) | (824,707) | (1,076,996) |
| Total applications of capital funding | 2,394,261 | 2,394,261 | (1,437,496) | (680,207) | (684,962) |
| Surplus/(deficit) of capital funding | (2,356,261) | (2,356,261) | 1,437,496 | 688,207 | 723,658 |
| Funding balance | - | - | - | - | - |

Transport funding impact statement

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | 204,874 | 204,874 | 204,874 | 169,829 | 146,089 |
| Targeted rates | 1,207,670 | 1,207,670 | 1,207,670 | 811,628 | 858,207 |
| Subsidies and grants for operating purposes | 1,944,423 | 1,944,423 | 2,080,045 | 1,638,854 | 1,951,748 |
| Fees and charges | 1,174,360 | 1,174,360 | 1,127,279 | 1,365,188 | 1,088,030 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 4,531,327 | 4,531,327 | 4,619,868 | 3,985,499 | 4,044,074 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 4,412,729 | 4,412,729 | 4,232,996 | 3,988,986 | 4,005,548 |
| Finance costs | - | - | - | - | 0 |
| Internal charges and overheads applied | 252,406 | 252,406 | 245,817 | 151,833 | 163,653 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 4,665,135 | 4,665,135 | 4,478,813 | 4,140,819 | 4,169,201 |
| Surplus/(deficit) of operating funding | (133,808) | (133,808) | 141,055 | (155,320) | (125,127) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - | 14,348 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | - | - | - | - | 14,348 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | - | - | 209,279 | - | 172,511 |
| Increase/(decrease) in reserves | (38,142) | (38,142) | (38,335) | (32,820) | (36,632) |
| Increase/(decrease) in investments | (95,666) | (95,666) | (29,889) | (122,500) | (246,658) |
| Total applications of capital funding | (133,808) | (133,808) | 141,055 | (155,320) | (110,779) |
| Surplus/(deficit) of capital funding | 133,808 | 133,808 | (141,055) | 155,320 | 125,127 |
| Funding balance | - | - | - | - | - |

Hazard management funding impact statement—civil defence emergency management

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | 183,912 | 183,912 | 183,912 | 197,706 | 184,955 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - | 11,500 |
| Fees and charges | - | - | - | 384,442 | 746,513 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 183,912 | 183,912 | 183,912 | 582,148 | 942,968 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 399,236 | 399,236 | 377,512 | 525,940 | 728,136 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | - | - | - | 215,946 | 352,159 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 399,236 | 399,236 | 377,512 | 741,886 | 1,080,295 |
| Surplus/(deficit) of operating funding | (215,324) | (215,324) | (193,600) | (159,738) | (137,327) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - | 218,325 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | - | - | - | - | 218,325 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | - | - | - | 4,000 | 51,935 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (215,324) | (215,324) | (193,600) | (163,738) | 29,063 |
| Total applications of capital funding | (215,324) | (215,324) | (193,600) | (159,738) | 80,998 |
| Surplus/(deficit) of capital funding | 215,324 | 215,324 | 193,600 | 159,738 | 137,327 |
| Funding balance | - | - | - | - | - |

Hazard management funding impact statement—flood management, general river control and river control schemes

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | (42,155) | (42,155) | (42,156) | 132,549 | (47,975) |
| Targeted rates | 711,706 | 711,706 | 711,706 | 591,295 | 700,454 |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 20,000 | 20,000 | 7 | 21,033 | - |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 689,551 | 689,551 | 669,557 | 744,877 | 652,479 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 385,786 | 385,786 | 432,762 | 389,968 | 367,307 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 126,520 | 126,520 | 123,271 | 110,424 | 117,916 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 512,306 | 512,306 | 556,033 | 500,392 | 485,223 |
| Surplus/(deficit) of operating funding | 177,245 | 177,245 | 113,524 | 244,485 | 167,256 |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | 207,500 |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - | - |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | - | - | - | - | 207,500 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | 246,887 |
| - to replace existing assets | - | - | 7,874 | - | - |
| Increase/(decrease) in reserves | 45,651 | 45,651 | (429) | 70,924 | 47,016 |
| Increase/(decrease) in investments | 131,594 | 131,594 | 106,079 | 173,561 | 80,853 |
| Total applications of capital funding | 177,245 | 177,245 | (113,524) | 244,485 | 374,756 |
| Surplus/(deficit) of capital funding | (177,245) | (177,245) | (113,524) | (244,485) | (167,256) |
| Funding balance | - | - | - | - | - |

Recreation, culture and heritage funding impact statement

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|--------------------|----------------------------------|--------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | 1,566,191 | 1,566,191 | 1,566,192 | 1,602,644 | 1,588,231 |
| Targeted rates | 301,415 | 301,415 | 301,415 | 296,564 | 306,871 |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 152,000 | 152,000 | 179,045 | 118,903 | 285,181 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 2,019,606 | 2,019,606 | 2,046,652 | 2,018,111 | 2,180,283 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 2,403,122 | 2,403,122 | 3,028,948 | 2,248,751 | 2,443,085 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 974,200 | 974,200 | 947,737 | 844,747 | 904,739 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 3,377,322 | 3,377,322 | 3,976,685 | 3,093,498 | 3,347,824 |
| Surplus/(deficit) of operating funding | (1,357,716) | (1,357,716) | (1,930,033) | (1,075,387) | (1,167,541) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 18,000 | 18,000 | 27,022 | 8,000 | 759 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 18,000 | 18,000 | 27,022 | 8,000 | 759 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 1,725,000 | 1,725,000 | 1,142,097 | 476,000 | 1,891,029 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (3,064,716) | (3,064,716) | (3,045,108) | (1,543,387) | (3,057,811) |
| Total applications of capital funding | (1,339,716) | (1,339,716) | (1,903,011) | (1,067,387) | (1,166,782) |
| Surplus/(deficit) of capital funding | 1,357,716 | 1,357,716 | 1,930,033 | 1,075,387 | 1,167,541 |
| Funding balance | - | - | - | - | - |

Regional representation, advocacy and investment management funding impact statement

| | 2018/2019 | | | 2017/2018 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | Estimate Long-Term Plan \$ | Estimate Annual Plan \$ | Actual \$ | Estimate Long-Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | | |
| General rates, uniform annual general charge, rates penalties | 732,346 | 732,346 | 732,346 | 655,251 | 734,273 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 3,000 | 3,000 | 36,361 | 7,000 | 842 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 735,346 | 735,346 | 768,707 | 662,251 | 735,115 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 1,020,229 | 1,020,229 | 1,016,245 | 816,656 | 938,347 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 545,615 | 545,615 | 530,768 | 423,478 | 481,941 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 1,565,844 | 1,565,844 | 1,547,013 | 1,240,134 | 1,420,288 |
| Surplus/(deficit) of operating funding | (830,498) | (830,498) | (778,306) | (577,883) | (685,173) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 20,000 | 20,000 | 4,935 | 31,000 | 30,088 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 20,000 | 20,000 | 4,935 | 31,000 | 30,088 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 2,100,000 | 2,100,000 | 675,066 | 661,000 | 1,039,623 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (2,910,498) | (2,910,498) | (1,448,437) | (1,207,883) | (1,694,708) |
| Total applications of capital funding | (810,498) | (810,498) | (773,371) | (546,883) | (655,085) |
| Surplus/(deficit) of capital funding | 830,498 | 830,498 | 778,306 | 577,883 | 685,173 |
| Funding balance | - | - | - | - | - |

Reporting and Prudence Regulations

Local Government (Financial Reporting and Prudence) Regulations 2014

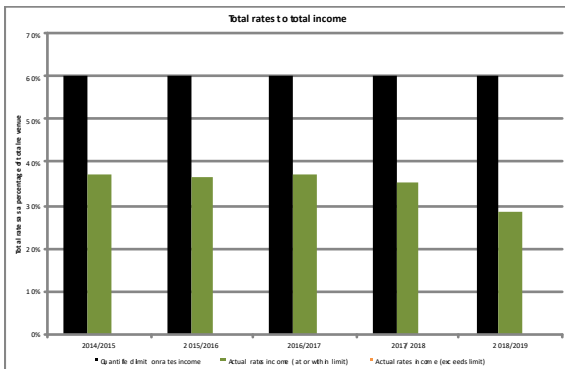
Annual Report disclosure statement for the Year Ending 30 June 2019

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

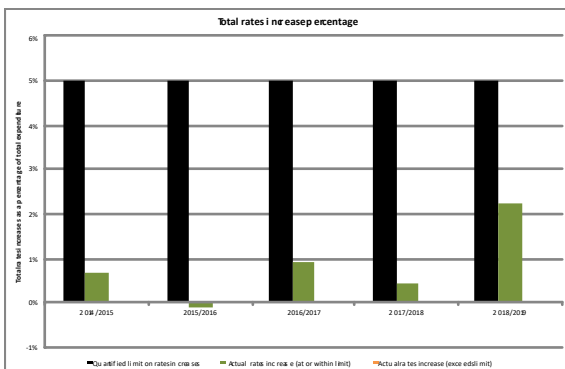
The Council is required to include this statement in its annual report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark



The Council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.



Rates (income) affordability. The following graph compares the Council's actual rates income with a quantified limit on rates

contained in the financial strategy included in the Council's long-term plan. The quantified limit is that total rates will not exceed 60% of total revenue.

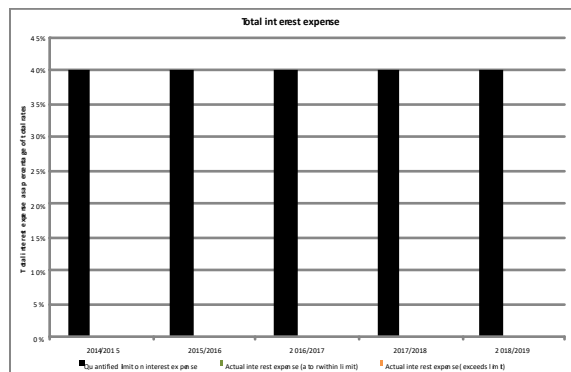
Rates (increases) affordability. The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is that total rates increase will not exceed 5% of total expenditure.

Debt affordability benchmark

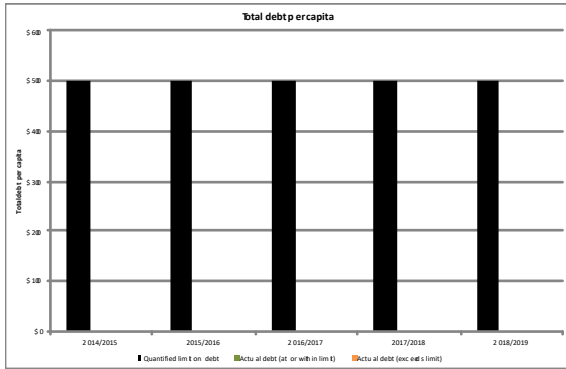
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that total interest expense on net external public debt will not exceed 40% of total annual rates and levies.

During the period 2012/2013 to 2018/2019, the Council had no external public debt and, consequently no interest expense. The graph shows the total interest expense on net external public debt as 0% of total annual rates and levies.



The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that net external public debt per capita will not exceed \$500.

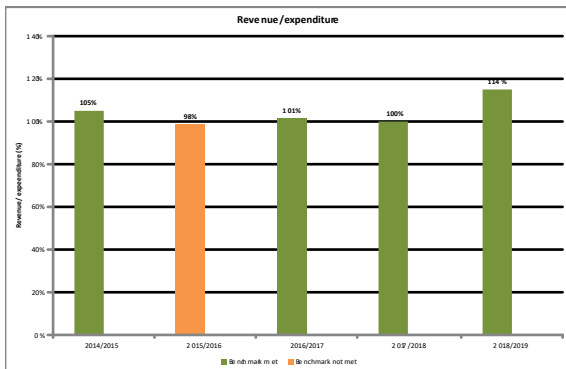


During the period 2012/2013 to 2018/2019, the Council had no external public debt and, consequently no interest expense. The graph shows that net external public debt per capita is \$0.

Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment)

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The essential services graph would display the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure related to—

- (a) water supply
- (b) sewerage and the treatment and disposal of sewage
- (c) stormwater drainage
- (d) flood protection and control works
- (e) the provision of roads and footpaths.

The Council's only network services are in relation to flood protection and control works. The Council does not provide any of the other network services. These network services are

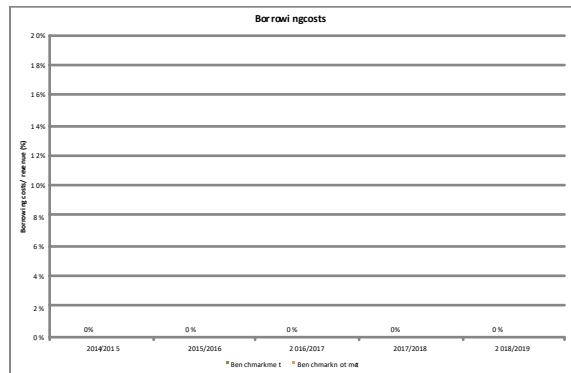
in the form of land assets. Accordingly, there is no depreciation on these assets. The Council's capital expenditure will always be equal to or greater than the depreciation expense.

As there is no depreciation, the graph required by Schedule 5 of the *Local Government (Financial Reporting and Prudence) Regulations 2014* cannot be produced.

Debt servicing benchmark

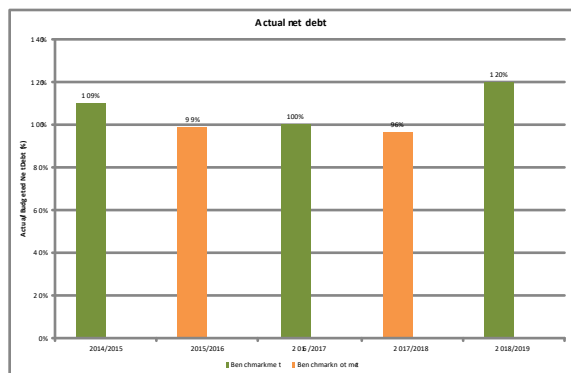
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

During the period 2012/2013 to 2018/2019, the Council had no external public debt and, consequently no borrowing costs.



Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



During the period 2014/2015 to 2018/2019, the Council had no external public debt. As such this benchmark is recording

actual net financial assets as a proportion of planned net financial assets. That is, as the Council has no external public debt, this benchmark is meaningless and should not be relied upon for anything other than compliance with the *Local Government (Financial Reporting and Prudence) Regulations 2014*. For the Council, the debt control benchmark is met if its actual net assets, financial assets (excluding trade and other receivables) less financial liabilities, equals or is more than its planned net assets.

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

