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Chairman and Chief Executive's Report

We are pleased to present the Taranaki Regional Council's 2016/2017 Annual Report.

In last year's report we pointed to the need for all of us at the Council to be mindful of our responsibility to be as efficient as possible in our mission to work for a thriving and prosperous region. We pointed to the need to have an eye for easing the burdens that many sectors of the regional community are facing, rather than adding to them.

This *Annual Report* continues that theme. It's satisfying to report that the Council has again finished the year in a strong financial position and we remain one of the lowest-rating local authorities in the country.

However, Council staff, ably governed by a team of Councillors providing a clear direction in line with our mission, have been able to continue the excellent work of previous years in delivering further gains in our core business: managing the environment and native ecosystems; controlling pests; protecting communities through our civil defence and flood protection schemes; moving people on our public transport and disability services and building a thriving region through our Council-owned gardens and other community investments.

Here are some of the highlights from the Council's work in 2016/2017.

ENVIRONMENTAL PROTECTION AND RESOURCE USE

Results of the Council's state of the environment monitoring continue to prove encouraging, particularly for Taranaki's vitally important freshwater resources. The latest trends for ecological health and the physical and chemical state of our rivers and streams show most measures are improving or not changing significantly and again are the best since measurements began.

At a time when much national media commentary highlights a negative view of New Zealand's freshwater resources, it is noteworthy that many indicators in Taranaki collectively indicate that the region is making excellent progress towards enhancing our already good environment.

This is no accident. The Taranaki community continues to invest heavily in measures that protect and enhance the region's waterways. The benefits are now becoming apparent and the Council remains firmly focused on working with the Taranaki community to continue this improvement into the future.

The Council's flagship freshwater project, the *Riparian Management Programme*, continues to grow from strength to strength. By the end of June 2017, more than 4.66 million native plants have been supplied to landowners since the scheme began in 1996. More than 99.5% of Taranaki's 1,721 dairy farms now have riparian plans in place on their farms. Across the region there are close on 2,700 riparian plans covering more than 14,500 kilometres of streambank. Plan holders have fenced 85% of their streams and protected 70% with planting.

This is an exceptional result that is producing dividends for Taranaki in improving trends in water quality. It is New Zealand's largest streambank fencing and planting programme. This long-term, voluntary and collaborative approach to riparian management adopted from the outset, we believe, has achieved much greater buy-in and commitment from farmers than any regulatory approach could have achieved. Clearly, the need for and benefits of riparian fencing and planting to farmers is widely accepted and understood across the region which puts Taranaki in a leadership position nationally.

It was with some disappointment therefore, that the Council had to continue to advocate strongly throughout 2016/2017 for national policy directions on water quality, to take account of the huge investment by the community already taking place in regions like Taranaki. Failure to do so was tantamount to being punished for doing the right thing.

However, the Council determined that it was not going to stand still on necessary and achievable improvements to water quality and was not going to wait for the national debate over water quality to settle down. During the year it released its *Requirements*



for good farm management in Taranaki outlining what was expected of the farming sector going forward. Many of the changes required, for example a move to land disposal of farm dairy effluent, are in line with national policy. In fact, land-based systems are regarded as best practice and Taranaki farmers renewing their effluent disposal consents are already, in most cases, required to move towards such systems under the Council's policy. The *Requirements* document has received widespread endorsement from the regional community.

In the meantime work progressed on the *Draft Freshwater and Land Management Plan*, looking at further work on a number of issues raised during consultation on the draft Plan while at the same time working with the Government to iron out uncertainties in the *National Policy Statement for Freshwater Management*, national stock exclusion regulations and amendments to the *Resource Management Act*.

Other aspects of the Council's regulatory business continued to show pleasing results. The 2016/2017 year was the 17th consecutive year that the Council had processed all resource consents within the time limits set out in the *Resource Management Act*. The Council has efficient systems in place to process the range of applications it receives.

An important aspect 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 a prosecution for breaches of the Act. Appropriate use of enforcement tools increases compliance levels and builds trust, respect and integrity for the Council's work.

The Council's efforts in enhancing key ecological areas by working alongside landowners to protect bush remnants and wetlands on private land continued to gather pace. Over 170 privately owned sites have been identified under the Key Native Ecosystem (KNE) programme, which is regularly added to, and 88 of those sites now have biodiversity plans. These plans involve working alongside landowners on predator protection, pest plant eradication and regeneration of native vegetation.

The Council administers and is a core funder of Wild for Taranaki (the Taranaki Biodiversity Trust) which brings together all the relevant agencies and community groups to speak with one regional voice on biodiversity. With support from the Department of Conservation and the region's three district councils, Wild for Taranaki funded the development of an operational plan and associated communications and revenue generation strategy. This will lay the groundwork for an exciting new region-wide biodiversity initiative 'Restoring Taranaki'. Watch this space!

PEST MANAGEMENT

During the year the Council formally notified its *Proposed Pest Management Plan for Taranaki* after considerable public and stakeholder consultation on the future way forward for protecting the region's biodiversity assets and our crucial agriculture production.

One of the key changes included in the *Proposed Plan* was the inclusion of new 'good neighbour rules' which bind the Crown and private land occupiers.

A total of 10 submissions were received. Council staff will be working through these with submitters over the coming months with a view to holding a Council hearing before a revised plan is adopted in the new

financial year. Also released at the same time was a draft *Biosecurity Strategy for Taranaki* which is a non-statutory document that sets out the Council's various programmes and activities relating to pest management including its non-regulatory activities.

There were no extensions of the *self-help possum control programme* during the year as Council staff concentrated on the retreatment of areas surrounding Egmont National Park in conjunction with the Department of Conservation's control operation within the Park. Ongoing monitoring of the *self-help possum control programme* however confirmed that occupiers within the 240,200 hectare area covered by the programme have been effective in maintaining reduced possum numbers in the areas already treated.

During the year the Council was engaged as contractors to the Ministry for Primary Industries during the myrtle rust incursion. Some of the Council's plant depots were affected by the incursion which led to a delay in landowners being able to pick up their plant orders, but the restrictions were soon lifted.

SERVICES, AMENITIES AND INFRASTRUCTURE

The programme of works to upgrade Pukeiti continued with a range of developments across the garden and the upgrading of important infrastructure.

The Rainforest Centre (formally known as the Gatehouse) was substantially completed and was officially opened on 9 September 2017. It features a new covered entranceway and elevated walkway connecting to the Vireya Walk. The interior spaces have been significantly reconfigured with modern hospitality, interpretation and function spaces. It is a development that will enrich the visitor experience and is one that the people of Taranaki can be justifiably proud of.

Work continued on the 'Taranaki Crossing' proposal, a mountain to surf experience extending from the North Egmont Visitor's Centre in Egmont National Park down to Oakura, via Pukeiti Gardens, with a shorter option ending at Mangorei Road via the Pouakai Hut. The Council has already committed substantial funding to the proposal in areas outside of the National Park and will be considering what further funding it might propose to support the concept. With the right support from all parties including Central Government, the Taranaki Crossing has the potential to provide a major boost to the regional economy.

At Yarrow Stadium the significant development programme planned for the year was new hospitality suites and food and beverage facilities in the Yarrow Stand. The project was completed in time for the All Blacks test against Argentina on 9 September 2017.

Increasing the hospitality options provide additional opportunities for larger events to be attracted to Yarrow Stadium.

Yarrow Stadium is well regarded nationally and internationally and we are confident that high quality national and international events will continue to be hosted.

REPRESENTING TARANAKI'S INTERESTS

The 2016/2017 year was a particularly busy one with respect to the Council's advocacy with 31 submissions having been made to the policy initiatives of other agencies, the highest total for a number of years.

The Council continued its strong advocacy on many fronts with respect to its land transport activities, particularly with regard to regionally important state highway improvements.

Work continued on progressing the \$245 million State Highway 3 Awakino Gorge to Mount Messenger Programme. The Council, through the Regional Transport Committee and as convener of the State Highway 3 Working Party, engaged with the New Zealand Transport Agency on various options within this programme. Further work on identifying a preferred option for the Mount Messenger Bypass was undertaken with the final decision being announced on 31 August 2017.

It is important for the region that the Council continues to advocate strongly for policy initiatives that support our community.

STRONG FINANCIAL POSITION

The Council finished the 2016/2017 year with a surplus of \$1,624,000 (total comprehensive income). Expenditure was \$568,000 under budget. Overall it was a good result, noting that the general rates increases have been at or below the rate of inflation for the past few years. The Council's balance sheet remains very strong, with no public debt.

We gratefully acknowledge the efforts and achievements of council staff during the year, ably governed by a team of Councillors providing clear direction, consistent with our mission.

David MacLeod
Chairman

Basil Chamberlain
Chief Executive






Reporting environmental performance

191 major consents monitored and publicly reported on.

95% 'high' or 'good' environmental performance for major consents.

92.6% dairy farms and all pig and poultry farms complied with consent conditions.

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



Destroying predators and targeting pest plants

4,094

properties in self-help possum control programme covering 240,200 ha.

6,061

inspections for pest plants.

5% catch rate for possums on properties monitored. Well within 10% target to significantly reduce effects of possums.



Supported voluntary urban possum control programme across New Plymouth City.

Enforcing environmental standards

545

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

191

abatement notices served

55

infringement notices issued.

Planting and fencing streambanks

4.7m

plants put along streams by landowners.
363,525 in past year along 200 km.

85%

riparian plan streambanks
protected with fencing

70%

riparian plan streambanks
protected with riparian
vegetation.



Monitoring nature's extremes

8 flood warnings issued to protect people
and property potentially affected.

✓ Regional and district councils
maintained Civil Defence readiness
and response capability.

✓ Maintained Waitara and Waiwhakaiho
flood protection schemes to
one-in-100-year level of protection.



Regulating use of natural resources

100%

resource consents
processed in RMA
timeframes over
past 17 years.

100%

consents submitted
on resolved through
pre-hearing process.

Sustainable land management

87% hill country being
managed sustainably.

52% hill country farms with sustainable
land management plans – covering
204,335 ha.





Checking marine and river health

100% surface water quality representative sites show improvement or stability in ecological health.

99% coastal beaches samples met MfE bathing guidelines during summer.

87% freshwater bathing site samples met MfE bathing guidelines.

57% freshwater ecological sites show significant trends of improvement and 2% showing significant decline.



Overall, continued trend of improvement. Some areas for improvement noted.

Public bus services and transport

614,815

passengers on region's public transport

38,477

subsidised Total Mobility passenger trips

\$50,000

for Ironside Vehicle Society to carry people with disabilities.



TRC gardens



83,094

visitors to the Council-owned Tūpare, Pukeiti and Hollard Gardens.

New world-class Rainforest Centre at Pukeiti.



Assisting Puke Ariki, heritage and culture

Funding five 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.



Securing Yarrow Stadium

Hosting Wellington Phoenix A-League, Chiefs Super Rugby, domestic T20 cricket and Taranaki national provincial championship games.



Restoring native habitats

13 new biodiversity plans covering 975 ha of ecologically important habitats on private land. Total of 88 covering 4,345 ha.

96% of 23 Key Native Ecosystems monitored improving or maintaining condition.

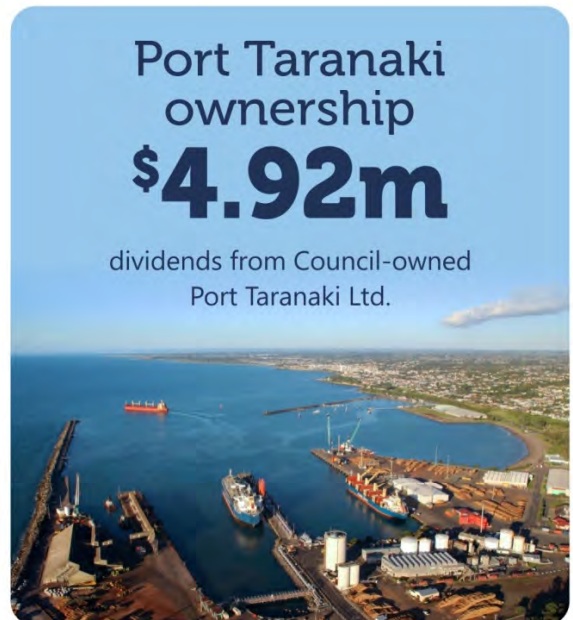


Educating future generations

8,001

visits or field trips through the Council environmental education programme.

15 environmental champions recognized by Council environmental awards.



Port Taranaki ownership

\$4.92m

dividends from Council-owned Port Taranaki Ltd.

Connecting people

\$245m

Government funding by Council advocacy for Mt Messenger bypass, Awakino tunnel bypass and SH3 safety improvements

Supporting community initiatives

Foundation funder for Wild for Taranaki which encourages protection of native ecosystems in Taranaki.



Building scientific knowledge

Range of resource investigations and applied research projects undertaken.



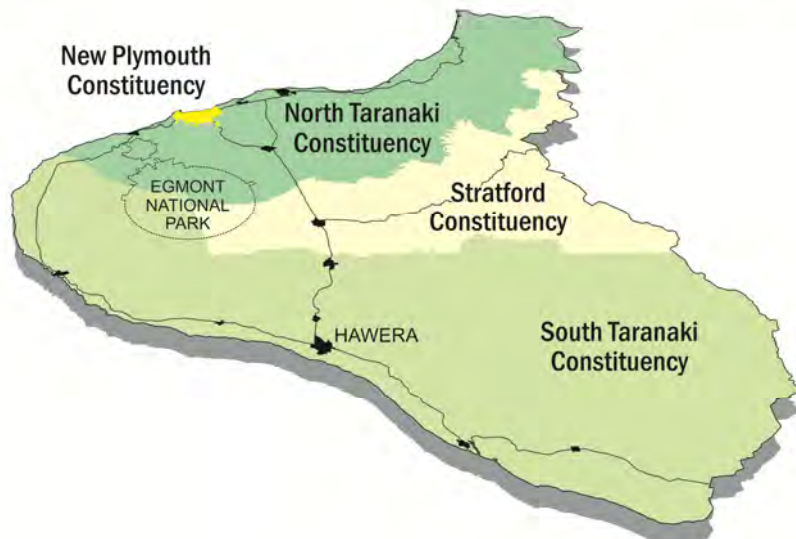
Governance Report

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

| 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 Chairperson Michael Joyce Donald McIntyre Bev Raine Craig Williamson David MacLeod David Lean Richard Jordan NPDC Grant Boyde SDC Phil Nixon STDC Bronwyn Muir Federated Farmers |
| Taranaki Civil Defence Emergency Management Group Tom Cloke Chairperson Taranaki Regional Council Neil Holdom New Plymouth District Council Neil Volzke Stratford District Council Ross Dunlop South Taranaki District Council | Regional Transport Committee Craig Williamson Chairperson Matthew McDonald Deputy Chairperson Harry Duynhoven New Plymouth District Council Ross Dunlop South Taranaki District Council Neil Volzke Stratford District Council Parekawhia McLean New Zealand Transport Agency |
| Taranaki Solid Waste Management Committee Neil Walker Chairperson Taranaki Regional Council Richard Handley New Plymouth District Council Alan Jamieson Stratford District Council Bryan Roach South Taranaki District Council | Consents and Regulatory Michael Joyce Chairperson Tom Cloke Deputy Chairperson Mike Davey Charlotte Littlewood Matthew McDonald Bev Raine Neil Walker David MacLeod David Lean |
| Yarrow Stadium Joint Committee Michael Joyce Chairperson Taranaki Regional Council Craig Williamson Taranaki Regional Council Neil Holdom New Plymouth District Council Alan Melody New Plymouth District Council | |

Figure 1: Committee Structure at 30 June 2017

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 made by the Council.

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

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

LEGISLATIVE COMPLIANCE

As a regulatory body, the Council administers various regulations and laws. As such, 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, Ngati Ruanui, Ngāruahine, Taranaki Iwi, Te Atiawa, Ngati Mutunga, Ngati Maru and Ngati Tama.

POLICY DEVELOPMENT

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

- Development of the *Draft Coastal Plan for Taranaki* with a particular focus on acknowledgement of cultural values throughout the entire plan, and the recognition of statutory acknowledgements and sites of significance within the coastal marine area
- The *Draft Freshwater and Land Management Plan* while the Council undertakes further work and considers the Government's freshwater and *Resource Management Act* reform programme
- The marine and coastal area application for customary title and customary rights on behalf of Nga Hapu o Ngāruahine. This provided an insight into the provisions of the *Takutai Moana Act* and what was required for the applications to be successful
- Surveying other regional councils on the resourcing of iwi input to policy with a view to this assisting the Council with its review of activities in this important area.

RESOURCE CONSENT PROCESSES

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

- Working with iwi and a number of hapu on resource consent applications within their respective rohe. The results of recent Treaty of Waitangi settlement's and associated statutory acknowledgement areas mean further engagement with Te Korowai o Ngāruahine, Te Kotahitanga o Te Atiawa and Te Kahui o Taranaki
- Working with the hapu of Waitara on erosion control and the coastal board walk extension in the Waitara Estuary
- Involving representatives of Te Korowai o Ngāruahine and hapu in a meeting with Renewable Power Ltd concerning issues associated with the Normanby Power Scheme
- Consulting on the Opunake flood control scheme with representatives of Te Kahui o Taranaki. Agreement was reached to meet with local hapu and marae representatives for further discussion
- Meeting with the Whenuakura Marae Committee to discuss water abstraction and resource management in the Whenuakura River catchment
- Surveying other regional councils on the resourcing of iwi input to resource consent processing with a view to this assisting the review of activities in this important area.

ONGOING ENGAGEMENT

The Council maintained and developed processes for ongoing engagement with Māori on a number of fronts from meetings to discuss matters of mutual interest, to contracting for services in relation to specific resource consent compliance monitoring programmes. During the year Council activities included:

- Attending He Puanga Haeata, the Parihaka reconciliation ceremony at Parihaka and being a signatory to the Te Huhanga-o-Rongo or Relationship Agreement. This describes the level of support the Council will provide for the infrastructure development programme for Parihaka
- Receiving an update from the iwi negotiators for the Taranaki Maunga Settlement Claim

- Attending the third reading in Parliament of the Te Atiawa, Taranaki and Ngāruahine Deeds of Settlement
- Along with Ngati Ruanui and Whakaahurangi Marae kaumatua and a representative for Rangi Kipa, holding a blessing of the new taonga panels in the Council Board room
- Meeting with officials from the Office of Treaty Settlements and receiving updates on the Ngāti Maru and Ngāti Maniapoto Treaty settlement negotiations
- Meeting the negotiators for the Ngati Maru settlement claim
- Working with Te Kotahitanga o Te Atiawa, Te Korowai o Ngāruahine and NZ Rail on the proposed fish passes on the Manganui and Waipuku rivers
- Continuing support and facilitation of discussion with New Plymouth District Council and South Taranaki District Council for the Para Kore Marae waste management project
- Receiving support from iwi for the Environmental Awards through sponsorship of the "Te Taiao me te Pākihi" Environment Award category
- Continuing to provide support to Tiaki Te Mauri o Parininihi Trust for the release of Kokako in the Mount Messenger Conservation area
- Providing support for riparian planting programmes at the Tapuarau Reserve beside the Waitotara River; Whenuakura Marae and the the Whakaahurangi Marae DIY project
- Attending the powhiri for the new Iwi Liaison Officer for the South Taranaki District Council.

REPRESENTATION

Iwi/Māori representation on the two key standing committees of the Council has progressed with the appointment of three representatives to the Consents and Regulatory Committee and another three representatives to the Policy and Planning Committee. The representatives were formally welcomed at a powhiri on 15 August 2017.

INFORMATION MANAGEMENT

Identification of sites of significance for iwi and hapu are a priority for the Council and the Iwi of Taranaki. Discussions are ongoing with iwi on the options available for the management of iwi resource management data and a link to the Council's comprehensive geographic information system platform.



Updating of the iwi contacts list on the Council's website is ongoing.

TRAINING

Introductory cultural awareness courses, facilitated by Te Reo o Taranaki, continue for all new staff and optional courses are open and available to all staff and Councillors, with the emphasis being to expand on the content of the introductory course.

RESOURCES

SHMAK (freshwater monitoring tool) training has been completed with marae members of Ngāa Rauru Kiiitahi and Ngāti Manuhiakai hapu members of Ngāruahine iwi. Ongoing support and assistance is being provided to them to maintain the integrity of the monitoring programme and the data recording.

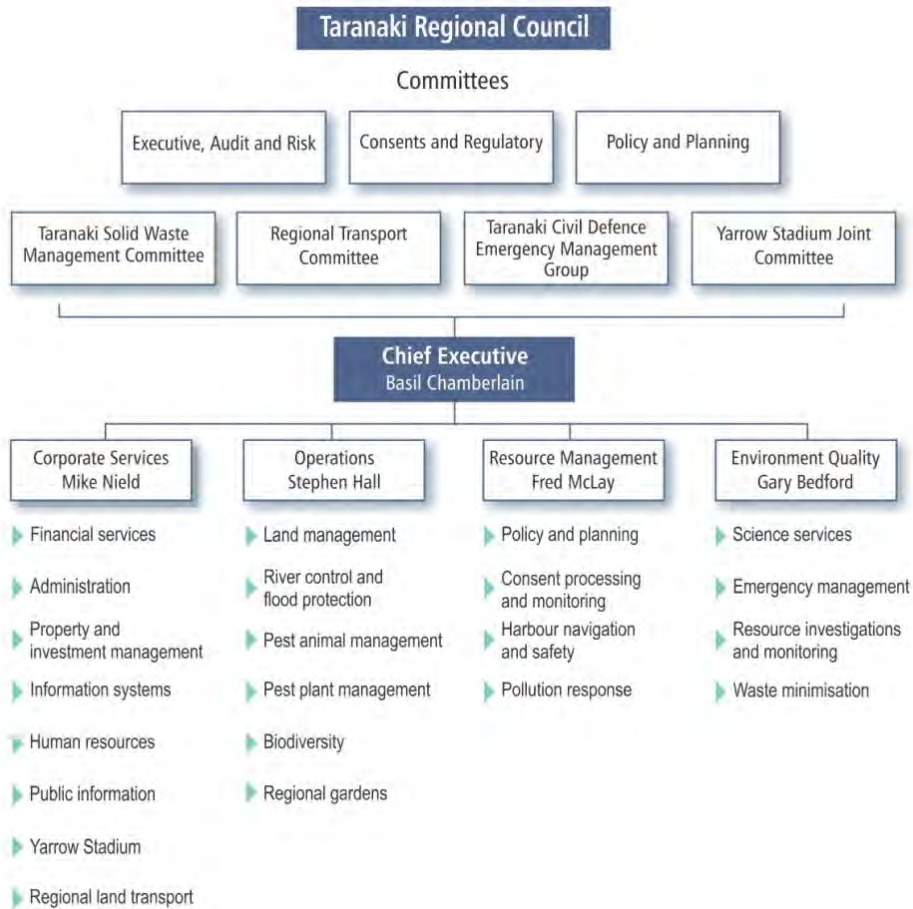
Interest in the SHMAK programme by other iwi and hapu has increased to where more programmes for training are being discussed and planned.

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 Council 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 Council's 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 of the Council 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.

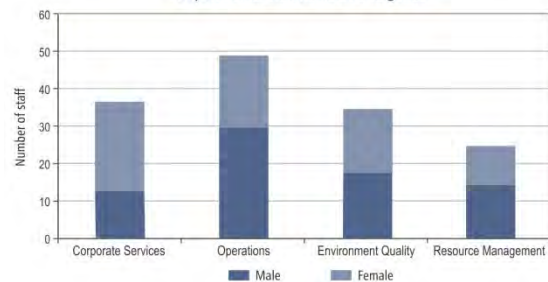
INITIATIVE AND THE RIGHT TO MAKE MISTAKES

- 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.

Departmental staff numbers and gender



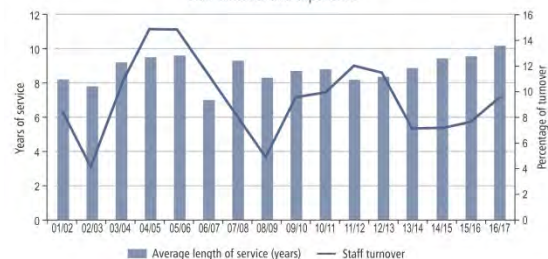
PRESENTATION, RESPECT AND CARE

- 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.

Staff turnover and experience



PERFORMANCE MANAGEMENT

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

Performance metrics to measure individual, group and total Council 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 Council's individual performance and development programme incorporates individual performance expectations and appraisal, personal development and training needs.

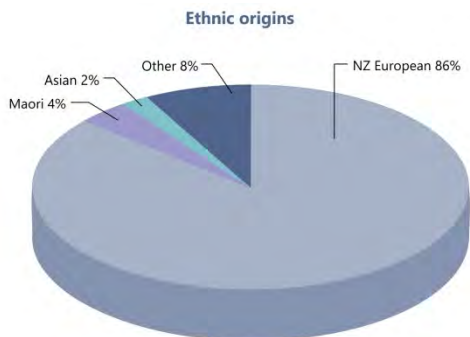
EMPLOYMENT AGREEMENTS

One-hundred and forty six (2015/2016—143) permanent staff are employed. Of these, 82% (90%) are employed under the *Taranaki Regional Council Collective Agreement*, with the balance employed on individual 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

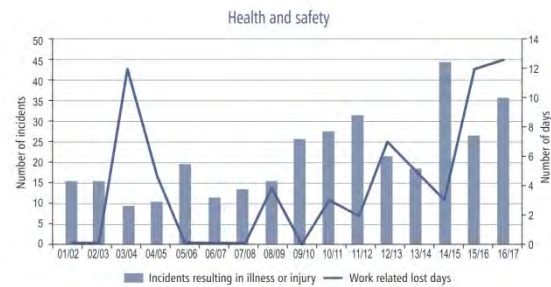
We are committed to the principle of equal opportunity in the recruitment, employment, training and promotion of its employees. We aim to provide a welcoming environment which accepts diversity.

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. The Council is accredited to Accident Compensation Corporation's Workplace Safety 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 Taranaki Region

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

THE REGION

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

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

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

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

The Taranaki coastal environment is the fourth of the major landforms. The region is exposed to the west and as a consequence, high-energy wave and wind



Figure 2: The Taranaki Region

conditions dominate the coastal environment. There are few areas of sheltered water beyond the major estuaries such as the Tongaporutu, Waitara and Patea rivers, and the confines of Port Taranaki. The Taranaki region has a temperate climate with generally abundant rainfall. The incised nature of ring plain streams means that flooding is not a major problem. However, occasional intense rainfall events can lead to rapid rises in river levels and flooding in hill country valleys and elsewhere.



THE 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 1,675 dairy farms and about 487,000 dairy cows, producing approximately 9.7% 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 the last 10 to 15 years. The Mangahewa onshore gas and condensate field was discovered in 1997, the Maari offshore field in 1998 and the Rimu onshore field in South Taranaki in

1999. The nearby Kauri field was discovered in 2001. The Pohokura offshore gas field in North Taranaki, the largest gas and condensate find in 30 years, was discovered in 2000 and brought into production in 2006. The offshore Tui well was discovered in 2003 and brought on-stream in 2008. Production from the offshore Kupe field, first discovered in 1986, commenced during 2010. Despite recent downturns in the oil and gas industry, exploration interest in Taranaki remains high.

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 approximately 625,623 guest nights spent in the Taranaki region by domestic and international visitors per annum. Most visitors are from other North island regions. Some 97,342 guest nights were from international visitors – an increase of 26.5% over the previous 12 months. 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.

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 must continue to be given to promoting good land and riparian management practices.

Management of the many industrial, municipal and agricultural waste discharges from individual point sources has improved significantly over the years. These discharges are closely monitored. It is vital for Taranaki's future that all 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 the inland hill country experience significant soil erosion but changes to more sustainable land use practices and conversion to forestry present opportunities to address this
- controlling threats to indigenous flora and fauna and the economic costs faced by the region as a result of pest plants and pest animals
- managing the coastline and coastal waters in a way that recognises special ecologically and culturally sensitive areas within the coastal environment, and that allows appropriate use and development of the coast
- promoting protection of the region's indigenous biodiversity
- 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 Ngāa 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 2016/17 | Budget 2016/17 | Actual 2015/16 | Actual 2014/15 | Actual 2013/14 | Actual 2012/13 | Actual 2011/12 | Actual 2010/11 | Actual 2009/10 | Actual 2008/09 | Actual 2007/08 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General rates | \$7.54m | \$7.54m | \$7.46m | \$7.40m | \$7.29m | \$7.18m | \$7.18m | \$6.85m | \$5.7m | \$5.5m | \$5.4m |
| Percent change | 1.0% | 1.0% | 0.9% | 1.4% | 1.5% | 0% | 4.82% | 20.2% | 3.3% | 2.4% | 2.5% |
| General rates to income | 30.0% | 29.4% | 30.0% | 30.2% | 29.9% | 31.6% | 36.2% | 31.8% | 35.5% | 32.1% | 33.3% |
| Rates per \$100,000 capital value | \$15.99 | \$15.99 | \$16.64 | \$16.71 | \$17.18 | \$19.47 | \$17.34 | \$17.25 | \$12.96 | \$14.77 | \$15.55 |
| Total expenditure | \$24.8m | \$25.4m | \$25.3m | \$23.3m | \$23.0m | \$21.5m | \$19.8m | \$18.6m | \$16.7m | \$16.0m | \$13.6m |
| Percent change | -2.2% | 1.5% | 8.6% | 1.30% | 7.0% | 9.97% | 6.12% | 11.63% | 9.62% | 17.65% | 12.39% |
| Operating surplus/(deficit) | \$1.6m | \$0.30m | \$0.97m | \$0.76m | \$1.4m | \$1.6m | \$0.32m | \$2.9m | (\$0.5m) | \$1.3m | \$2.61m |
| Working capital | \$7.7m | (\$0.02m) | \$11.0m | \$9.0m | \$4.28m | \$2.53m | \$2.21m | \$1.84m | \$10.6m | \$4.93m | \$3.1m |
| Current ratio | 2.7:1 | 0.99:1 | 3.78:1 | 3.11:1 | 2.12:1 | 1.72:1 | 1.53:1 | 1.55:1 | 4.96:1 | 2.97:1 | 2.2:1 |
| Total assets | \$87.3m | \$84.0m | \$85.1m | \$84.3m | \$83.1m | \$80.9m | \$79.6m | \$78.4m | \$74.2m | \$74.5m | \$71.9m |
| 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 2017 fairly reflect the financial position and operations of the Taranaki Regional Council.



David MacLeod
Chairman
18 September 2017



Basil Chamberlain
Chief Executive
18 September 2017



Michael Nield
Director—Corporate Services
18 September 2017



Independent Auditor's Report: To the Readers of Taranaki Regional Council Annual Report for the Year Ended 30 June 2017

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 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 81 to 108:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2017;
 - 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 and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 109, 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 and Group's Long-term plan;
- the performance information on pages 28 to 80:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, 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 110 to 116, 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 116, 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 required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 117 to 121, 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 for opinion on the audited information

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 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.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.



Melissa Youngson, Partner
for 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 meeting the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions.

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 *2016/2017 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 *2016/2017 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.

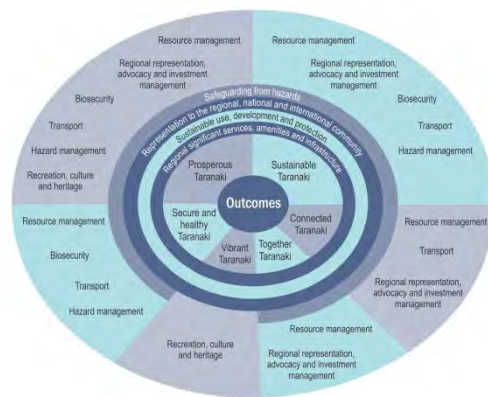


Figure 4: Relationship between the Council's mission and activities and community outcomes

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 *2016/2017 Annual Plan*. However, it is the contribution of these activities to the achievement of the community outcomes that lies at the heart of the *2016/2017 Annual Plan*.

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 Council's planning processes and shows how each of the groups of Council 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 interconnected 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.

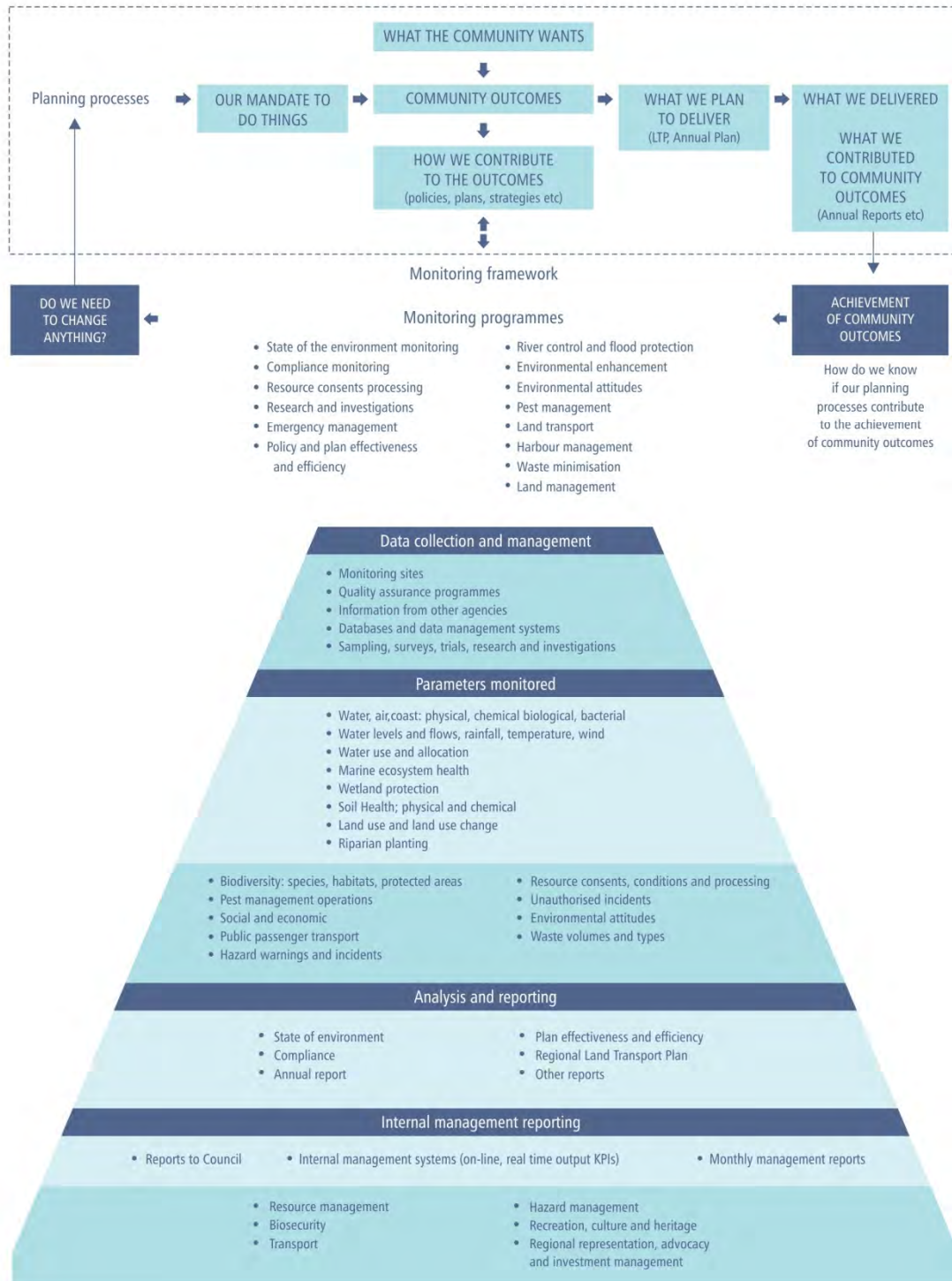
As previously indicated the Council undertakes many measurements during the year of the progress it is making towards the achievement of community outcomes. The Council considers that it is too simplistic to select and report on only one or two parameters to show progress on community outcomes.

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 *2016/2017 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 2016/2017 Annual Plan.

Financial information on the net cost of services delivered is also provided in conjunction with the budget established in the 2016/2017 Annual Plan 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 2017.

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 2015/2025 Long-Term Plan.

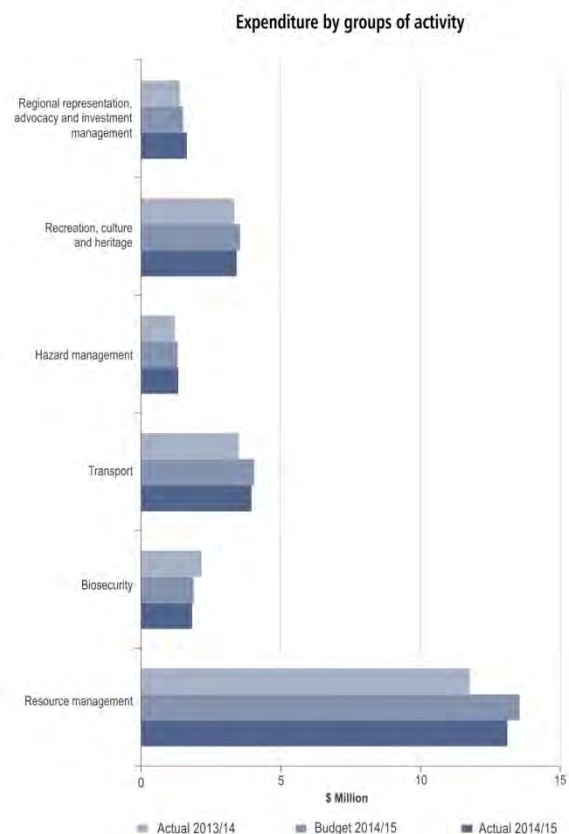


Figure 6: Expenditure by group of activities

Resource Management

RESOURCE MANAGEMENT ACTIVITIES:

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 10) but is directly linked to the resource management policies, plans and strategies level of service (refer to level of service 9).

Consent processing and administration

—processing all applications for resource consents and administering resource consents in an efficient and effective manner—refer to levels of service 1, 2, 3, 5, 7, 8 and 10.

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, 8 and 10.

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, 8 and 10.

State of the environment monitoring

—monitoring the state of the environment in Taranaki to enable periodic evaluation of trends in the state of the environment and of the effects of the implementation of the Council's policies and plans—this activity contributes to all levels of service (1 through 10).

Resource investigations and projects

—providing relevant research information for resource management purposes—this activity contributes to all levels of service (1 through 10).

Waste minimisation

—encouraging and implementing waste management and cleaner production initiatives in Taranaki consistent with the Regional Waste Strategy for Taranaki and the waste management plans of the districts—refer to level of service 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, 6 and 8.

Biodiversity

—maintaining and enhancing the indigenous biodiversity of the Taranaki region, working alongside landowners and other groups and agencies in accordance with the Council's policies and biodiversity strategy priorities—refer to level of service 8.

Enhancement grants

—promoting the protection of the environment through the provision of targeted enhancement grants refer to levels of service 5, 6 and 8.

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 agreed national 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 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 and plans 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
- Regional Fresh Water Plan for Taranaki 2001
- Regional Soil Plan for Taranaki 2001
- Regional Air Quality Plan for Taranaki 2011
- Regional Waste Strategy for Taranaki 2011
- Resource Consent Procedures document
- Resource Consents Monitoring Procedures document
- Resource Management Act Enforcement Policy May 2017
- Enforcement Provisions and Procedures, Resource Management Act May 2017
- Delegations Manual for the Taranaki Regional Council
- Charging Policy under section 36 of the Resource Management Act 1991
- Taranaki Regional Marine Oil Spill Response Plan 2008
- Regional Action Plan for Taranaki: Dairying and Clean Streams Accord 2004
- State of the Environment Monitoring Procedures Document 1997.

Work has continued on a project to develop a combined plan, which would include all the Council's resource management policy documents, by 2020.

The review of the *Regional Coastal Plan* continued. Efforts during the year focused on giving effect to the *New Zealand Coastal Policy Statement* requirements and the development of a draft Proposed Coastal Plan that was released for targeted consultation on 2 September 2016. One hundred and one responses were received from a broad range of stakeholders. Work advanced on the development of a Proposed Plan and its accompanying section 32 (cost and benefits) report, including further investigations and work being

undertaken to address issues highlighted through consultation.

Following consultation on a draft *Proposed Freshwater and Land Management Plan*, the Council has subsequently determined that further investigations and consultation is required before proceeding with its formal public consultation. Consultation with iwi and other stakeholders continues. Notwithstanding that, work advanced on a number of other fronts including the development of the *Taranaki Regional Council Requirements For Good Farm Management* document. In the last year 26 farm dairy effluent consents were processed under the requirements document resulting in effluent being directed to land after a short transition period. This represents 3.7 % of those consents to be directed to land.

The Council also undertook the non statutory five-yearly interim review of the *Regional Policy Statement*.

Consent processing was undertaken on a range of applications during the year. Council 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 17th consecutive year that this milestone has been achieved. Ministry for the Environment surveys show the Council's 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 the Council and community 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 media commentary highlights 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 noting areas where there is still desirable progress. This work contributes to the outcomes of a *Prosperous, Secure and Healthy*, and a *Sustainable Taranaki*.

Likewise, the Council's very 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 Crown Research Institute science delivery in New Zealand, preparation of national-level science and research roadmaps, and the scoping and development of the National Science Challenges at the national level. Several challenges are developing a Taranaki-specific or relevant component.

The Council has continued to engage in the promotion and implementation of effective and environmentally robust waste reduction, recovery and re-use, and disposal of residual wastes, primarily through its participation in the Taranaki Solid Waste Management Committee. The co-ordinated regional approach to waste minimisation and management amongst the region's four councils provides for effectiveness and efficiency. With landfill capacity secured in the region, the focus of the Committee is on reduction at source and recovery of wastes for re-use when this is economically sustainable and relevant to the region's activities. A regional strategic framework for waste management is in place, and is implemented through *District Waste Minimisation Plans*, which were under review during the year.

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, 363,525 plants were grown on contract and ordered by landowners. Overall, in excess of 4.66 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. The *Afforestation Grant Scheme* was reintroduced in 2016. Under *STRESS* land owners have agreed to significant soil conservation work in the erosion-prone part of the region's hill country.

In conjunction with land owners and community groups, 13 biodiversity plans were prepared for key native ecosystems covering 1,000 hectares with the objective of protecting and enhancing biodiversity values of those sites. In addition the Council worked with the Rotokare Scenic Reserve Trust, Purangi Kiwi (the Eastern Taranaki Environment Trust), Tiaki te Mauri o Parinihi Trust and the Taranaki Kiwi Trust, in their various programmes aimed at improving the biodiversity of Taranaki.

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 a Regional Biodiversity Coordinator on their behalf. In partnership with the Department of Conservation, a projects coordinator was employed to further progress Trust activities and to develop a conservation education strategy.

Wild for Taranaki, with support from the region's three district councils and the Department of Conservation, funded the development of an operational plan and associated communications and revenue generation strategy. This will provide the foundation for an exciting new region-wide biodiversity initiative "Restoring Taranaki".

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 thirty three regionally significant wetlands.

The combined effect of the Council's 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

Measure: Macroinvertebrate Community Index (MCI) values (a measure of freshwater community richness and composition) at least 50 regionally representative sites.

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.

Baseline: There is a continuing regional trend of improvement in the quality of freshwater ecology across the region. MCI values were determined for 57 regionally significant sites. Trend analysis to June 2015 (from 1995) shows 29 sites of 57 with statistically significant trends of improvement, and none with a significant decline.

MCI values have been determined for 59 regionally significant sites and trend analysis for the period to June 2016 (from 1995) has been undertaken and reported, with two new sites included for the 2015/2016 period. It shows 30 sites of 53 with statistically significant or very significant trends of improvement and one with a significant or very significant decline. Six 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 2016/2017 year to be reported during 2017/2018.

Measure: Microbiological state of inland waters and coastal waters at bathing sites.

Target (Years 1-10): Maintenance or increase in number of sites compliant with the 2003 Ministry of Health contact recreational guidelines.

Baseline: There are 11 freshwater and 9 coastal water bathing sites that have been monitored annually since 2003/2004. The following sites were compliant with the 2003 Ministry of Health contact recreational guidelines:

| | Freshwater | Coastal water |
|-----------|------------|---------------|
| 2003/2004 | 6 | 7 |
| 2014/2015 | 8 | 9 |

In 2014/2015, 86% of freshwater samples (93%-2003/2004) and 96% (99%-2003/2004) of coastal samples at these sites were compliant.

Microbiological monitoring of 16 freshwater and 12 marine sites was conducted over the summer bathing season. Results show that 87% of freshwater samples were compliant with the bacteriological guidelines throughout the season.

Six of the sites monitored for freshwater quality in 2003/2004 were compliant in 2016/2017. Five of the freshwater sites monitored in 2016/2017 that exceeded the bacteriological guideline during the monitoring season only did so on a single occasion.

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. The one site that exceeded bacteriological guideline during the monitoring season only did so on a single occasion.

Measure: Physical barriers to fish passage.

Target (Years 1-10): 100% of resource consents for in-stream structures to be compliant with fish passage conditions; number of known barriers to fish movement and passage to reduce by comparison with 2001 survey.

Baseline: In October 2014, there were 43 consents with requirements for fish passage structures; as of May 2001 there were 26 consented and 30 unconsented structures known to be acting as barriers to fish passage. To October 2014, barriers to fish passage have been addressed at 12 of the sites consented in 2001, and at 6 of the sites unconsented in 2001.

Significant consented barriers are routinely inspected (including fish monitoring at some sites) for compliance with fish passage conditions. A review of the state of barriers identified in 2001 is underway, for follow-up of those not rectified. Compliance programme for minor sites (e.g., farm culverts) has been implemented and any new sites identified as potential barriers to fish passage are being added to an internal database for follow-up. Subsequent compliance implementation will increase the habitat range for native fish.

Programmed level of service

Measure: Ecological flows in catchments.

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.

Baseline: By 2009, 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.

Reported level of service

There are no catchments allocated below ecological flows set by Council policy. The Council processed seven surface water abstraction consents during the year (including new consent and renewal applications) which all complied with Council policy regarding ecological flows. There is no national policy statement or national environmental standard in place for ecological flows. The *Regional Fresh Water Plan* is currently being reviewed.

[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: By 2009, guidelines identifying surface water available for consumptive use had been prepared, and consents to take, use, dam or divert water have been granted in accordance with Council policy. A database has been developed to provide regularly updated information on water allocation guideline information.

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 Council's new Land and Water Plan, the Council has undertaken a review of flow statistics across the region and developed a water accounting system. The water accounting systems will be used to ensure consented abstraction volumes from each waterbody remain below the limits specified in the proposed Land and Water Plan. The accounting system is now in use and is updated as flow statistics are refined or new water take consents are issued.

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 2014/2015, 100% of significant water abstraction consents were monitored with 92% attaining a "good" or "high" level of 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.

Water resources are sustainably managed. Monitoring programmes are in place for 100% of significant water abstraction consents. In 2016/2017, 94% of sites attained a "good" or "high" level of compliance and performance (2015/2016, 99%). 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 (BOD - 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 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: 18 of the 22 measures show improvement or stability over the last 7 years. 18 of the 22 measures show improvement or stability since 1995
- Nutrients: the number of sites showing stability or improvement is increasing over time. Since 1995, 75% of nutrient measures are stable or improving; since 2008, 91% of nutrient measures are stable (82%) or improving (9%).

Overall, surface water quality is improving and is better than in 1995. Trend analysis to June 2016 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 (7 sites; to 2010, 3 sites) since 1995
- BOD: 9 sites of 11 stable against 1995 baseline, and all sites stable against 1995 baseline over recent years.
- Bacteriological state: 82% shows improvement (5%) or stable (77%) against 1995 baseline, and 68% stable over recent years.
- 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.

Periphyton: the latest trend results (2002-2016) for the extent of long filaments and mats shows stability (90%) or improvement (10%) for both measures. 94% of surveys for all sites over the last two years (2014-2016) met national periphyton guidelines.

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 74 was consistently above the NZDWS. Since 2002, 73% of sites sampled repeatedly have remained stable and 14% have showed an improvement. The number of sites and the number of samples exceeding the NZDWS has decreased.

Overall there has been a clear improvement (decrease) in peak nitrate levels in groundwater. Sampling of 74 sites for the most recent survey for groundwater nitrate was completed and reported in the 2013/2014 year after external peer review of the draft report. 96% of all samples met the NZDWS (highest level of regional compliance to date). 92% of wells had no samples exceeding the NZDWS. Only one well out of the 74 had nitrate consistently (median concentration) above NZDWS. The number of sites and the number of individual samples, exceeding the NZDWS has reduced across the surveys conducted to date. A report detailing the results of monitoring carried out since 2012 is currently under preparation.

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 current life-supporting capacity of the lake is stable and relatively healthy. Monitoring for 2016/2017 was completed (4 surveys) and reported during the year. 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 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 2014/2015, 100% of significant point sources were monitored with 93% of significant industrial sources and 98% 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. 91% of significant industrial point sources attained a "good" or "high" level of compliance and environmental performance (96% in 2015/2016, 98% in 2013/2014). Of significant agricultural sources, 92.6% (94.2%-2015/2016) attained a "good" or "high" compliance and performance.

Non-compliance was addressed by the use of various enforcement mechanisms under the *Resource Management Act*. There was one (0) instance 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 2015, 2,504 riparian management plans have been prepared recommending the planting of 5,483 km and fencing of 6,369 km of stream banks. At June 2015, 39% of the planting and 64% of the fencing had been completed resulting in 83.6% of riparian plan streams now protected by fencing and 68.55% by vegetation where recommended.

At year end, 2,687 (2,587 —2015/2016) riparian management plans have been prepared recommending the planting of 5,981 (5,760) km and fencing of 6,886 (6,580) km of stream banks. At 30 June 2017, 42.7% (41.4%) of the recommended planting and 67.5% (65.7%) of the recommended fencing had been completed resulting in 85% (84.4%) of riparian plan streams now protected by fencing and 70% (69.5%) by vegetation where recommended.

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 2015, the area of hill country covered by sustainable land management plans was 202,191ha. This represents a 1.5% increase over last year. 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 to undertake the project has been completed. 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 204,335ha (203,279ha—2015/2016). 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 to undertake the project has been completed. 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.

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 next survey will take place in 2017/2018.

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, in 2012/2013. The results were reported in 2013/2014, and incorporated into the report *Taranaki Tangata Tu Tahi*. Soil quality in Taranaki is gradually improving, based on these results and findings.

The next soil quality sampling is scheduled in the 2017/2018 monitoring year.

[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 2015, 202,191ha of private land have a farm plan.

There are 437 (430—2015/2016) comprehensive farm and agroforestry plans in place covering 204,335ha (203,279ha) on the 840 Taranaki hill country farms, covering 66.8% (66.4%) 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 2013, 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. Monitoring of nitrogen oxide region-wide found 79% of results to be in the Ministry for the Environment's 'excellent' category. In July 2016, continuous monitoring of fine airborne dust (potential health risk) commenced in central New Plymouth; the year long data will be analysed and reported in 2017/2018.

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 2014/2015, 100% of significant point source emissions were monitored with 95% 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 (94% in 2015/2016). 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 2016/2017 were collectively reported during the year and will be reported individually via annual reports.

[8] Maintenance and enhancement of indigenous biodiversity

Measure: Protection of Taranaki's biodiversity on private land.

Target (Years 1-10): 60% of Key Native Ecosystems (KNEs) on private land, covering at least 4,000ha, have a biodiversity plan.

Baseline: As at 30 June 2015, 74 or 49% of Key Native Ecosystems (KNEs) on private land covering 2,927ha have biodiversity plans.

Biodiversity plans were prepared for a further thirteen KNEs on private land (975.4 ha). In total, 88 KNE's on private land covering 4,345.6 hectares now have biodiversity plans. This equates to 51% of all KNE sites with private land. In addition, a further biodiversity plan (24.7 ha) was prepared for a KNE on public land – the forested areas of Stratford District Council's King Edward Park and Carrington Walkways.

Measure: Inventory of sites that contain regionally significant biodiversity (KNEs) in the region.

Target (Years 1-10): Maintain and regularly update current inventory of Key Native Ecosystems (KNEs).

Baseline: As of June 2015, the inventory contained 198 sites.

Maintained and updated the inventory of KNEs. The inventory of Key Native Ecosystems is regularly maintained and updated. At June 2017, the inventory contained 235 sites (218—2015/2016).

Programmed level of service

Measure: Maintain and improve the condition of KNEs

Target (Years 1-10): Improvement in biodiversity index at managed KNEs compared with a base year of application of the index.

Baseline: As at June 2014, of the 64 assessed forest remnants, over half (58%) were rated either "good" or "very good, 37.5% were rated "fair" and less than 5% were considered "poor".

Reported level of service

Good progress continues in collecting baseline information for KNEs with 59 (57 - 2015/2016) assessments undertaken. In addition, 25 repeat five-year condition assessments were completed at 23 KNEs. From this 22 have either improved or maintained their condition score with one showing some decline.

[9] 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

Measure: Operative plans policies and strategies.

Target (Years 1-10): Full compliance with statutory requirements and timetables for the preparation review and implementation of policies, plans and strategies.

Baseline: As of June 2014, the Council has a full suite of operative *Regional Policy Statement* and regional plans (water, air, soil and coastal).

The Council has a complete suite of operative plans, policies and strategies.

The review of the *Regional Policy Statement for Taranaki* (RPS) was completed and made operative 1 January 2010. The Council undertook the non statutory five-yearly interim review of the RPS, which included targeted consultation.

The review of the *Regional Air Quality Plan for Taranaki* was completed and made operative on 25 July 2011.

The review of the *Regional Fresh Water Plan*, and *Regional Soil Plan* continued. The *Taranaki Regional Council Requirements for Good Farm Management* document was prepared setting out directions on freshwater activities including farm dairy effluent, riparian management, wetland protection, forestry, and stream modification. Further investigations also commissioned to review environmental flows for inclusion in a Proposed Plan.

The review of the *Regional Coastal Plan* continued. Working papers have been prepared or commissioned on identifying sensitive marine habitats and surf breaks. In September 2016, a draft *Coastal Plan* was released for targeted consultation.

[10] Efficient and effective resource consent processing, compliance monitoring and enforcement

Measure: Compliance with Resource Management Act 1991 requirements.

Target (Years 1-10): 100% compliance.

Baseline: As of June 2014, processing, administering and compliance monitoring of resource consents was 100% compliant with Resource Management Act requirements.

All consents (100%—2015/2016) processed during the period complied with *Resource Management Act* requirements, and full compliance with timelines allowed activities to be undertaken without delay.



Programmed level of service

Measure: Monitoring and enforcement programmes.

Target (Years 1-10): All consents appropriately monitored with necessary compliance enforcement undertaken.

Baseline: In 2014/2015, the Council implemented 220 individual monitoring programmes of significant consents. In 2014/2015, 75% of programmes attained a 'high' environmental performance and 22% a 'good' performance. Monitored 1,785 (100%) dairy farms, and undertook 221 other inspections of minor industrial operations. All other consents were appropriately monitored. Necessary enforcement action was undertaken.

Reported level of service

Implemented 191 (186 in 2015/2016) individual monitoring programmes of significant consents. Of those, 74% of programmes attained a "high" environmental performance (71%) and 21% a "good" performance (24%).

All dairy farms 1,721 (1,743) were monitored for compliance with resource consent conditions. There were 291 (246) other inspections of minor industrial operations. All other consents were appropriately monitored for compliance with resource consent conditions. All necessary enforcement action was undertaken. Compliance programmes were implemented as scheduled.

ACTIVITIES—WHAT WE PLAN TO DO

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|---|--|--|
| <p>[1] Resource management planning</p> <p>Complete preparation/full reviews and interim reviews of resource management policies, plans and strategies:</p> | | <p>[3] Compliance monitoring programmes</p> | |
| <p><i>Regional Policy Statement:</i> Interim review in 2016/2017. Full review in 2019/2020.</p> | <p>Completed the non statutory five-yearly interim review of the RPS, which included targeted consultation.</p> | <p>Minimising 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.</p> | <p>Resolved, through the pre-hearing process, 100%-5 (100%-7-2015/2016) of resource consent applications attracting submissions without recourse to a formal hearing. The Council held no (0) resource consent hearings. Eight out of 8 (12/12) submissions were resolved—100% (100%).</p> |
| <p><i>Regional Coastal Plan:</i> Full review 2016/2017. Interim review 2022/2023.</p> | <p>Coastal plan review ongoing.</p> | <p>100% of individual compliance monitoring programmes for all major consents designed, implemented and publicly reported upon (approximately 200 individual compliance monitoring programmes per annum) within the negotiated budgets and completed within nine months of the end of the monitoring period.</p> | <p>100% of individual compliance monitoring programmes (191 programmes) for all major consents designed, implemented and publicly reported upon within the negotiated budgets and completed within nine months of the end of the monitoring period.</p> |
| <p><i>Regional Air Quality Plan:</i> Interim review 2016/2017. Full review 2021/2022.</p> | <p>Commenced interim review of <i>Air Quality Plan</i>.</p> | <p>Implement and report on 100% of recommendations arising from prior year's monitoring of resource consents subject to an individual compliance monitoring programme.</p> | <p>Within each annual report, recommendations from previous reports are set out and their implementation reported upon. Implementation of every recommendation was reported via the relevant report.</p> |
| <p><i>Regional Fresh Water and Land Plan:</i> Ongoing review 2019/2020. Interim review 2025/2026.</p> | <p>Freshwater and soil plan reviews ongoing.</p> | | |
| <p>[2] Consent processing and administration</p> | | | |
| <p>Provide appropriate and timely information in response to 100% of requests for assistance in implementing <i>Resource Management Act 1991</i> plan rules.</p> | <p>Provided information, to assist processing 263 (382—2015/2016) consent applications, being 0 (0) publicly notified, 9 (12) limited notified and 254 (370) non-notified applications, in compliance with the <i>Resource Management Act 1991</i>.</p> | | |
| <p>Process, issue and report on 100% of accepted resource consent applications (approximately 450 consents per annum), in compliance with the <i>Resource Management Act 1991</i> and the Council's <i>Resource Consents Procedures</i> document and successfully defend 100% of consent decisions appealed to the Environment Court.</p> | <p>Of the 264 (382) 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. No consent decisions were appealed to the Environment Court.</p> | | |

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|--|---|---|
| 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 291 (246) inspections of minor industrial operations ensuring good environmental practices. Only five (5) reinspections were required. Completed the annual inspection round of discharges of agricultural waste (100% of issued consents), including dairy, poultry and piggery farms—1,775 (1,794) were completed. The non-compliance rate (failure to meet consent conditions) was 7.4% (5.8%) for dairy farms. All poultry and piggery farms were compliant. 131 (224) dairy farm reinspections were undertaken to ensure full compliance. In total, 1,906 (1,967) inspections and reinspections were successfully undertaken. | [4] Pollution incidents and response | Responded to, and publicly reported upon, 545 incidents (585—2015/2016) with 100% (100%) within the required timeframe. Instigated control and clean-up where required. Refer above for enforcement actions. |
| Where necessary, implement appropriate advisory and enforcement actions to require 100% compliance with resource consents and/or regional plans. | Undertook appropriate monitoring and enforcement actions to require 100% compliance with resource consents and/or regional plans, including serving 191 (152) abatement notices and 55 (48) infringement notices. No (2) prosecutions were initiated as a result of unauthorised incidents. One prosecution from 2015/2016 was determined during the year. | 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. No (0) significant marine oil spills occurred that warranted auctioning the <i>Plan</i> . Took part in the whole of government Whakautu II emergency exercise in New Plymouth. |
| | | [5] State of the environment monitoring | Implemented 100% (100%-2015/2016) 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 Tahi State of the Environment</i> report 2015 was prepared in 2015/2016 and was released at the start of the 2016/2017 year. |
| | | 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> . | |

| Programme | 2016/2017 actual performance | Programme | 2016/2017 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 2017/2018. | | looking at groundwater quality in the catchment for review against OVERSEER predictions and for determining age of groundwater. NIWA and the Council undertook field sampling and inspections. NIWA have published an update on the state of, and trends in, the five best practice dairy catchments (water quality and more particularly ecological health). These studies have been used to inform the Fresh Water Plan policy review. |
| 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 as part of the 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 33 hydrology sites, 27 meteorology sites, 11 soil moisture sites, 16 freshwater sites, and 10 marine bathing beach water quality sites. | Continue to use microbial source testing technology to identify sources of faecal contamination in Taranaki waters. | Specific investigative work was proposed in several instances but prevailing conditions were unsuitable for application of the technique. |
| | | Support studies into the behaviour and bioavailability of cadmium in agricultural soils and fertilizer. | As part of the Cadmium Working Group, the Council contributed to studies into the bioavailability and behaviour of cadmium in soils and exploring the variability and drivers of uptake of cadmium by various plant species and bioaccumulation in livestock. Update and progress reports on the results of these studies were provided. |
| <p>[6] Resource investigations and projects</p> <p>Over the period of the <i>2015/2025 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 2016/2017:</p> | | | |
| Continue to support the "best practice dairying catchments" study in the Waiokura Stream catchment. | Continued to monitor the ecological and physicochemical water quality parameters within the Waiokura catchment, with consideration of data interpretation and analysis. Research project was undertaken with GNS, | Investigate shallow groundwater transport, transformation and attenuation processes. | Lincoln Agritech Ltd investigated and reported on groundwater redox gradients at selected sites. The work sought to assess the potential for leached nitrogen to be attenuated in groundwater systems through the process of denitrification. |

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|--|--|--|
| Engagement in “EnviroLink” and other science research project development opportunities and strategies for regional councils, to enhance knowledge base for policy development and implementation. Projects with clear relevance and benefit to Taranaki to be adopted by “EnviroLink” and other funding opportunities (advocacy to be reported through Council’s annual report processes). | <p>There was on-going engagement with MBIE’s National Science Challenges - Our Land and Water, Bioheritage, Sustainable Seas and Natural Hazards. EnviroLink projects underway:</p> <ul style="list-style-type: none"> • a revised national high intensity rainfall design system • development of discrete water quality sampling standards • farm scale soil mapping and applications • management options for aquatic weeds • assessment criteria for fish passage and barrier mitigation option • a review of marine recreational microbiological guidelines and their scientific basis. <p>Worked with the Government on the <i>Conservation and environment</i> and the <i>Enhanced productivity 20-year science roadmap</i> projects.</p> | [7] Waste minimisation | Assisted sector leaders in areas of waste recycling/reduction/reuse, education, planning and policy, commercial and industrial waste, organic waste, medical waste, and advocacy. |
| | | Work with the agricultural sector to identify, implement and/or promote waste minimisation opportunities. | Promoted waste recovery within the agricultural sector through education and publicity. Responded to enquiries from the agricultural sector. |
| | | Facilitate a regional approach to waste management initiatives and programmes at policy, management, and implementation levels, in particular servicing the Taranaki Solid Waste Management Committee, implementing a revision of the <i>Regional Waste Strategy</i> by June 2021, and partnering in delivering waste plans for the three districts of Taranaki. | Servicing of the Taranaki Solid Waste Management Committee continued. Assisted the review of the New Plymouth District Council waste plan including the completion of a waste assessment. Implementation and review of the 2016/2017 education plan was undertaken. Completed the revision of the <i>Waste Management and Minimisation Strategy for Taranaki</i> . |
| In addition: | Support was provided to Venture Taranaki for the Participatory Science Platform programme (Curious Minds). A number of projects have achieved successful results and further funding has been provided. | | |

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|--|--|--|--|
| [8] Sustainable land management plans and plant supply programme | | Provision of advice. When requested, provide advice on sustainable land management practices within ten working days. | Received and actioned, within 10 days, 152 (243) inquiries. Advice and assistance on sustainable land management, soil conservation and riparian management was provided. |
| Planning services. Provide property planning services to landholders. Prepare plans covering 1,000 hectares of land use capability mapping in the hill country and 100 riparian plans in the intensive water management zone. By the end of the period of this <i>Plan</i> it is intended to have active or completed riparian plans in place for over 99% of dairy farms (approximately 1,680) and active comprehensive farm plans in place for over 69% of hill country in private ownership where approximately 840 sheep and beef farms are located. | Prepared 7 (7-2015/2016) comprehensive farm plans covering 1,055 (1,088) hectares of farmland for landholders throughout the region. Prepared 100 (102) riparian plans covering 524 (332) kilometres of stream bank. 208 (171) kilometres of riparian management was proposed with the balance of 315 kilometres (161) being adequately protected. | Provide servicing and support to the Taranaki Biodiversity Trust and assistance to other organizations involved in promoting sustainable land management. | Provided administrative and treasury services to the Taranaki Biodiversity Trust "Wild for Taranaki". |
| 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 8,413 (9,056) occasions. Supplementary advice and information was provided as necessary. Monitoring shows 12.7% (9.7%) or 325 (241) km of the remaining recommended fencing of stream bank was fenced and 4.7% (6.9%) or 167 (249) km of streambank have been planted. 4,650 (4,325) km of stream bank has been fenced and 2,554 km planted (2,387). Monitoring shows that 2,785 ha of retired marginal land, and 196 ha of established production forest were recorded. Across all plans, 54,738 ha of marginal land has been retired and 11,587 ha of production forest have been established. | Provide annually, on a cost-recovery basis, approximately 450,000 suitable plants for land stabilisation, soil conservation and riparian planting programmes. | Provided 371,307 (407,801) plants for sustainable land management purposes. Provided 5,682 (14,579) items of poplar and willow planting material to 115 (118) landholders. Provided 363,525 (390,722) plants at cost to 952 (1,084) landholders, to plant approximately 200 (250) kilometres of stream margins and supplied 2,100 (2,500) sand stabilisation plants targeting 4 (3) sites. |
| | | Implement the South Taranaki and Regional Erosion Support Soil Conservation Programme including an estimated 6,000 poplar poles, 50 ha of protection forestry and construction of 22 km of retirement fencing to retire 300 ha or marginal land. | Planted 3,398 poles, 40 hectares of forestry and erected 22.2 kilometres of fencing to retire or protect 204.3 hectares of marginal land. |



Programme

2016/2017 actual performance

[9] Biodiversity

Prepare at least 10 biodiversity plans per annum for properties containing key native ecosystems (KNE).

Fourteen (10-2015/2016) new biodiversity plans were completed, with a further 10 (10-2015/2016) five-year reviews completed.

Initiate and support implementation of work programmes on all KNE's with a biodiversity plan and monitor and report on progress.

Initiated implementation of 100% (100%) of plans within one year of each plan's preparation.

Programme

2016/2017 actual performance

[10] Enhancement grants

Implement a programme using environmental enhancement grants for the protection of biodiversity habitats of regional significance.

Ongoing fencing, planting and maintenance has been undertaken to secure the protection of wetlands. This included work on 33 (24) regionally significant wetlands. This work means that 59 (59) wetlands are formally protected.

COSTS AND SOURCES OF FUNDS

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|--|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Resource management planning | 579,695 | 784,633 | 742,527 |
| Consent processing and administration | 823,424 | 955,592 | 851,607 |
| Compliance monitoring programmes | 3,020,264 | 2,622,302 | 2,741,238 |
| Pollution incidents and response | 888,729 | 981,874 | 1,007,905 |
| State of the environment monitoring | 2,071,851 | 1,973,959 | 2,025,380 |
| Resource investigations and projects | 217,578 | 402,251 | 444,157 |
| Waste minimisation | 128,235 | 138,889 | 110,312 |
| Sustainable land management plans and plant supply programme | 3,214,961 | 3,336,192 | 3,446,196 |
| Biodiversity | 1,337,303 | 1,479,000 | 1,186,609 |
| Enhancement grants | 642,442 | 689,529 | 617,891 |
| Total expenditure | 12,924,482 | 13,364,221 | 13,173,822 |
| Income | | | |
| General rates | 3,986,371 | 3,986,371 | 3,841,829 |
| Direct charges | 5,320,934 | 5,608,690 | 5,704,078 |
| Government grants | 285,113 | 300,000 | 562,484 |
| Transfer from reserves | - | - | 395,000 |
| Investment funds | 3,332,064 | 3,469,160 | 2,670,431 |
| Total income | 12,924,482 | 13,364,221 | 13,173,822 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | 291,915 | 408,000 | 341,536 |
| Plant and equipment | 107,019 | 190,600 | 98,234 |
| Office furniture | - | - | 563 |
| Computer equipment | - | - | - |
| Flood and river control assets | - | - | - |
| Computer software | - | - | - |
| Total capital expenditure | 398,934 | 598,600 | 440,333 |
| Funded by: | | | |
| Transfer from retained earnings | 398,934 | 598,600 | 440,333 |
| Total funding | 398,934 | 598,600 | 440,333 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 398,934 | 598,600 | 440,333 |
| Total capital expenditure | 398,934 | 598,600 | 440,333 |
| Gross proceeds from the sale of assets | 76,827 | 94,000 | 140,919 |
| Depreciation/amortisation expense | 444,935 | 433,981 | 428,803 |

ASSET ACQUISITIONS AND REPLACEMENTS

There were no significant asset acquisitions planned for or undertaken within this group of activities.

INTERNAL BORROWING

There is no internal borrowing within this group of activities.

Biosecurity

BIOSECURITY ACTIVITIES:

Biosecurity comprises the following activities:

Biosecurity 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 functions—refer to level of service 1.

Pest animal management

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

Pest plant management

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



BIOSECURITY 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 Strategy for Taranaki: Animals 2007
- Pest Management Strategy for Taranaki: Plants 2007.

The Council's 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 strategies contributes to a *Sustainable* and *Prosperous Taranaki*.

There are two operative biosecurity strategies. The Council has commenced its formal review of these strategies. The review includes the development and public notification of a *Proposed Pest Management Plan for Taranaki* that sets out the regulatory framework for pest management and a draft *Biosecurity Strategy for Taranaki* that sets out all the Council programmes and activities relating to pest management, including the non-regulatory activities.

The trial to assess old man's beard control options in the Kaupokonui catchment was completed with contractors undertaking a fourth control round within hotspot areas. The intention is that the new *Pest*

Management Plan for Taranaki will reinstate the requirement for land occupiers to maintain this area, now initial control is complete. The first phase of the Waingongoro catchment commenced with eight kilometres covering nine properties receiving control.

There were no extensions of the *self-help possum control programme* as officers concentrated on the retreatment of areas surrounding Egmont National Park in conjunction with the Department of Conservation's control operation within the Park. Due to significant delays in the treatment of the park, one contractor was unable to complete their contract. This work will commence in August 2017. Of the planned 13,677ha, 7,827ha over 111 properties was successfully completed with possum numbers reduced to a residual trap catch rate of 1.68% and 2.22% across two contracts (below the 3% target).

The total number of properties in the *self-help possum control programme* is 4,094 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 4.98% (below the target of 10%) significantly reducing the adverse effects of possums.

The voluntary urban possum control programme continued with maintenance being undertaken across New Plymouth city aimed at ensuring healthy native forest and increasing bird numbers. Work continues with interested property owners to increase the frequency of bait stations or traps across the city.

Technical support and planning assistance was provided to the Rotokare Scenic Reserve Trust and Tiaki

Te Mauri o Parininihi Trust's project at Parininihi Whitecliffs. These Trusts undertook successful reintroductions of Hihi (stitchbird) and Kokako returning these Taonga bird species to the region.

The Council was engaged as contractors to the Ministry for Primary Industries during the myrtle rust incursion.

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 |
|---|--|
| <p>[1] Pest management plans that deliver efficient and effective management of the Council's biosecurity functions</p> <p>Measure: Presence of appropriate pest management plans.</p> <p>Target (Years 1-10): Pest management plans for pest plants and pest animals are in place in accordance with statutory requirements.</p> <p>Baseline: Two adopted pest management strategies (plans) are in place, both most recently reviewed in 2007.</p> | <p>Pest animal and pest plant management strategies, delivering efficient and effective management of biosecurity functions, are in place in accordance with statutory requirements. A review of the strategies has commenced, which includes the public notification of a <i>Proposed Pest Management Plan for Taranaki</i> that sets out the regulatory framework for pest management and a draft <i>Biosecurity Strategy for Taranaki</i> that sets out the programmes and activities relating to pest management, including the non-regulatory activities.</p> |
| <p>[2] Pest animals controlled to minimize their adverse effects on biodiversity, primary production and the regional economy and environment</p> <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 2014/2015, the RTC was 6.77% across the 235,464 ha of the rural area covered by the <i>self help programme</i>.</p> | <p>The <i>self-help possum control monitoring programme</i> showed landholders reduced the possum population to a 4.98% (2015/2016—6.13%) residual trap catch across the <i>self-help possum control programme</i> area. At this level, the adverse effects of possums on biodiversity and production are significantly reduced.</p> |
| <p>[3] Pest plants controlled or eradicated to minimise their adverse effects on biodiversity, primary production and the regional economy and environment</p> <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, Mignonette Vine and Giant Reed in the region.</p> <p>Baseline: In 2014/2015, there were 87 properties where these plants were identified and controlled.</p> | <p>There was increased surveillance around existing eradication species locations resulting in additional infestations being discovered. Control of these pest plants occurred for 100% of new and known infestations. One hundred and fifty-two (92—2015/2016) inspections were carried out on properties known to or suspected of having had an infestation. Direct control, where it was warranted, occurred on 84 (27) properties. Of those, 62 (9) properties around the region were treated for Mignonette Vine, 9 (3) properties for Climbing Spindleberry, 1 (0) property for Senegal Tea and 12 (14) properties for Giant Reed.</p> |
| <p>Measure: The extent of "sustained control" pest plants.</p> <p>Target (Years 1-10): Reduce the extent of sustained control pest plants and the number of Category C properties requiring two or more inspections (because of significant pest plant compliance problems).</p> <p>Baseline: 139 Category C properties in 2014/2015.</p> | <p>Undertook a total of 6,061 (6,883) property inspections. Of these, 354 (388) related to Category C properties. The number of C properties has decreased to 54 (186).</p> |

ACTIVITIES

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|--|---|---|
| [1] Biosecurity planning | | | |
| Undertake ten-yearly review of the <i>Pest Management Plan for Taranaki</i> in 2016/2017 and an interim review in 2021/2022. | Commenced a formal review of the strategies, which included the public notification of a <i>Proposed Pest Management Plan for Taranaki</i> that sets out the regulatory framework for pest management and a draft <i>Biosecurity Strategy for Taranaki</i> that sets out all the programmes and activities relating to pest management, including non-regulatory activities. | Implement control operations for: <ul style="list-style-type: none"> the eradication of selected pest plants possum control in the areas surrounding Egmont National Park in conjunction with the Department of Conservation Old Man's Beard control in the Waingongoro catchment selected Key Native Ecosystems. | Undertook direct control on 84 eradication pest plant infestations. Completed control over 7,827ha surrounding Egmont National Park. A further 5,850ha will be completed in 2017/2018. Commenced control of Old Mans Beard in the Waingongoro catchment, treating 8 kilometres of riverbank. Pest plant and animal control was carried out at 100 (84) key native ecosystems. |
| [2] Pest animal and pest plant management | | | |
| Dependent upon the review of the <i>Pest Management Plan for Taranaki</i> : | | | |
| Undertake property inspections, provide advice and, where necessary, enforcement action, for the self-help possum control and sustained control pest plant programmes. | Undertook 604 (796—2015/2016) inspections and provided property specific advice to landholders across the <i>self-help possum control programme</i> covering 4,094 (4,066) properties on 240,200 hectares (240,200). | Develop and implement biological control programmes for pest plants. Make releases of control agents when appropriate. | Made two (7) releases of control agents to control <i>Tradescantia</i> . A planned release of a Darwin's Barberry biocontrol failed due to poor breeding at the containment facility. Contributed to the Landcare biological control research programme. |
| Engage with the community and raise awareness about management and control of pests, including providing advice and responding to public enquiries relating to pest issues. | Received 525 (540) notifications providing advice and where appropriate, undertaking control action. Undertook a publicity and education programme in relation to the control of all pest plants in the <i>Strategy</i> . | Provide advice on and, if necessary, implement small-scale control of unwanted plant organisms. | Responded to 105 (127) requests for advice and information. Advice and information given during inspections. Undertook small scale control of unwanted plant organisms on 50 (19) occasions. |
| Monitor and report trends for key pest species in the region and effectiveness of pest control programmes. | Landholders maintained possum populations to acceptable levels: 4.98% (6.13%) residual trap catch rate across the <i>self-help possum control programme</i> . | Implement the <i>National Pest Plant Accord</i> , inspecting all plant nurseries and retail outlets annually to promote and, where necessary, enforcing the prohibition from propagation, sale or distribution of specified unwanted plant organisms. | Inspected 27 (29) nurseries and retail outlets. No nursery (1) was required to remove a pest plant. Distributed information to all nurseries and retail outlets for identification of National Pest Plant Accord pest plants. |

COSTS AND SOURCES OF FUNDS

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Biosecurity planning | 50,388 | 50,674 | 72,475 |
| Pest management | 1,671,747 | 1,789,085 | 1,655,237 |
| Total expenditure | 1,722,135 | 1,839,759 | 1,727,712 |
| Income | | | |
| General rates | 727,847 | 727,847 | 905,043 |
| Direct charges | 200,223 | 106,500 | 79,102 |
| Transfer from reserves | 116,000 | 372,000 | - |
| Transfer to reserves | - | - | (50,000) |
| Investment funds | 678,065 | 633,412 | 793,567 |
| Total income | 1,722,135 | 1,839,759 | 1,727,712 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | 69,428 | 160,000 | 71,447 |
| Plant and equipment | 1,305 | 12,500 | 9,023 |
| Office furniture | - | - | - |
| Computer equipment | - | - | - |
| Flood and river control assets | - | - | - |
| Computer software | - | - | - |
| Total capital expenditure | 70,733 | 172,500 | 80,470 |
| Funded by: | | | |
| Transfer from retained earnings | 70,733 | 172,500 | 80,470 |
| Total funding | 70,733 | 172,500 | 80,470 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 70,733 | 172,500 | 80,470 |
| Total capital expenditure | 70,733 | 172,500 | 80,470 |
| Gross proceeds from the sale of assets | 38,304 | 60,000 | 45,791 |
| Depreciation/amortisation expense | 69,388 | 100,238 | 83,429 |

ASSET ACQUISITIONS AND REPLACEMENTS

There were no significant asset acquisitions planned for or undertaken within this group of activities.

INTERNAL BORROWING

There is no internal borrowing within this group of activities.

Transport

TRANSPORT ACTIVITIES:

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.

The Council, with much success, continued its strong advocacy on many fronts with respect to its land transport activities — particularly with regard to securing central government investment in regionally important state highway improvements.

Work continued on progressing SH3 Awakino Gorge to Mt Messenger Programme (estimated to be \$245m). The Council, through the Regional Transport Committee and as a participant in the State 3 Working Party, engaged with the NZ Transport Agency on the options being considered for the three projects within this Programme.

Awakino Tunnel Bypass — in April 2017 the Government confirmed that the community's preferred option for a two-bridge bypass of the Awakino Tunnel would proceed.

Corridor Improvements — a range of safety and resilience works were identified and prioritised, with construction commencing in the last quarter of the year.

Mt Messenger Bypass — work progressed, through an Alliance team, to identify a preferred option for the Mt Messenger Bypass. The announcement on the preferred route occurred on 31 August 2017.

Looking forward, work has continued to advance the SH3 Bell Block to Waitara and SH3 New Plymouth to Hawera projects to the point of implementation. Specific advocacy work continues to secure improvements to the Forgotten World Highway (SH43).

These achievements are of major significance to Taranaki and reflect, in part, advocacy undertaken on a

number of fronts on these important land transport issues for Taranaki.

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

The *Regional Land Transport Plan (RLTPlan)* came into effect from 1 July 2015 and 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. The RLTPlan is a six-year document, with a mid-term review due in 2017/2018. Four requests to make minor variations to the RLTPlan were received and approved.

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:

- NZTA Draft 2018 Investment Assessment Framework
- Waikato Regional Council Draft Regional Road Safety Strategy
- Ministry of Transport Draft Government Policy Statement on Land Transport 2018
- NZTA and Safe Road Alliance SH3 north roading projects/AG2MM

The region's public transport services continued. The Citylink (New Plymouth, Bell Block, Waitara and Oakura) service recorded an increase in patronage of 2%.

The Connector (Hawera to New Plymouth) service was approved National Land Transport Funding by the NZ Transport Agency for the period 2015/2018. The service recorded a decrease in patronage of 4% with numbers dropping from 31,407 to 30,071. This service is highly valued by the regional community.

Two of the three once-a-week Southlink (South Taranaki) services recorded a fourth year drop in patronage. Patronage on the Waverley to Hawera service was down 8%. Opunake to New Plymouth was down 18%. The Opunake to Hawera (including Manaia to Hawera) service recorded the exact same patronage (1,027) as in 2015/2016.



Passenger transport activities also included continued funding of Total Mobility services for people with impairments throughout Taranaki.

Under this scheme, 38,477 trips were made. This was down on the 40,124 trips in 2015/2016. This is now the eleventh year in a row the number of trips has been down on the previous year.

The Ironside Vehicle Society also continued to receive funding assistance. In total, 6,850 trips were carried out with 4,960 (72%) specifically involving passengers who required the use of wheelchair hoists.

Communicating with and informing users of Council's public transport services continued using social media. Extensive bus service media campaigns were also conducted via movies, radio, digital and on-bus.

The Regional Integrated Ticketing System project continued with the Council and 8 other public transport authorities combining to procure a new bus ticketing system. Work also commenced implementing the new National Total Mobility Administration System including photo ID/ electronic magnetic swipe cards to record client trips through in-vehicle card readers.

The Council continued to oversee implementation of its *Regional Land Transport Plan 2015-2021*. One of the successes for the year, under this Plan, was the official opening of the SH3 Normanby Bridge Realignment project by the Minister of Transport in February 2017.

The Council's 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 2016/2017-2020/2021</i> is current and operational.</p> | <p>The <i>Regional Land Transport Plan</i> is current and in accordance with statutory requirements. The Plan, covering the period 2016/2017-2020/2021, came into effect from 1 July 2015.</p> |
| <p>Measure: Presence of an appropriate <i>Regional Public Transport Plan for Taranaki</i>.</p> <p>Target (Years 1-10): A <i>Regional Public Transport Plan for Taranaki</i> that is kept current in accordance with statutory requirements.</p> <p>Baseline: The <i>Regional Public Transport Plan for Taranaki 2014-2024</i> is current and operational.</p> | <p>The <i>Regional Public Transport Plan for Taranaki</i> is current and in accordance with statutory requirements. The Plan, covering the period 2014-2024 came into effect from 29 July 2014.</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): Increase by 6% pa the number of passengers carried.</p> <p>Baseline: Between 2008/2009 and 2013/2014, passengers on community passenger transport services in the region grew from 349,607 to 584,371 pa. This represents an average growth of over 11% pa. In 2013/2014, 578,396 passengers were carried on the New Plymouth urban and community services.</p> | <p>There were 614,815 (2015/2016—605,603) passengers carried on the region's public transport services. This is an increase of 1.5% on 2015/2016 (decrease of 0.8% on 2014/2015).</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 880 (2015/2016—1,058) vessel movements undertaken through Port Taranaki. No (0) significant incidents involving unsafe navigation practices were reported within Port Taranaki and its approaches. A large buoy, authorised to be moored off Ngamotu Beach, broke free during a large storm and washed up on the beach.</p> |



ACTIVITIES

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|--|---|--|
| [1] Regional land transport planning | | [2] Passenger transport | |
| Complete preparation/full reviews and interim reviews of the transport policies, plans and strategies: | | Provide Total Mobility subsidy assistance to qualifying persons through the New Zealand Transport Agency supported <i>Total Mobility Scheme</i> . Process complete applications from eligible applicants within 10 working days. | Provided Total Mobility Scheme services to the targeted areas—38,477 (40,124—2015/2016) passenger trips were made. An additional 6,850 (6,644 – 2015/2016) trips were made by the Ironside Vehicle Society. ID cards were issued to 100% (100%) of eligible applicants within the required timeframes. |
| Review and make adjustments to the regional land transport plan, as required, in accordance with statutory requirements. | Variations to the <i>Plan</i> were processed during the year. An <i>Annual Monitoring Report</i> was published in September 2016. | 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> . |
| During 2017/2018 complete a mid-term review of the <i>Regional Land Transport Plan 2015/16-2020/21</i> . | Preparations commenced for the mid-term review. | Monitor the New Plymouth bus service contract including patronage growth and fare box recovery. | Patronage increased by 10,840 trips or 2% (patronage decreased by 11,741 trips or 2%). Farebox recovery was 37.8% (38.6%). |
| 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. | | |

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|---|------------------------|---|
| Monitor the regional bus service contracts including patronage growth and fare box recovery. | Ongoing monitoring occurred on all services. Patronage on the Connector was 30,071 (31,407) down 4%. Two of the three Southlink services recorded a drop in patronage. Waverley to Hawera down 7% with patronage of 1,405 (1,515). Opunake to New Plymouth down 18% with patronage of 852 (1,038). Opunake to Hawera (including Manaia to Hawera) recorded patronage of 1,027 (1,027). Combined farebox recovery for the regional services was 54.1% (58.3%). | [3] Harbour management | External arrangements are in place for the provision of harbourmaster services. A detailed contract for supply of harbourmaster services was developed and will apply next year. There were 880 (1,058—2015/2016) vessel movements undertaken through Port Taranaki. No (0) significant incidents involving unsafe navigation practices were reported. A large buoy, authorised to be moored off Ngamotu Beach, broke free during a large storm and washed up on the beach. The reviewed <i>Navigation and Safety Bylaws for Port Taranaki and its Approaches</i> continue to be enforced. There were no significant breaches of the <i>Port Taranaki and Harbour Safety Management System</i> . Bylaw education undertaken for recreational craft users at the ramp during the summer. |
| Monitor the commerciality ratio of the region's public transport services and publish the ratio annually. | The commerciality ratio for the region's public transport services was 41.2% (40.8%). | | |
| Review public bus service fares annually to ensure passengers pay a fair share of the cost of the services. | A review of the Citylink bus fares was deferred until the implementation of a new integrated ticketing system is complete. | | |
| Provide financial assistance to the Ironside Vehicle Society subject to funding eligibility criteria being met. | Funding of \$50,000 (\$50,000) to the Ironside Vehicle Society for carriage of disabled persons in restricted areas. | | |

COSTS AND SOURCES OF FUNDS

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Regional land transport planning | 114,889 | 118,236 | 93,736 |
| Passenger transport | 3,762,180 | 3,854,252 | 3,561,542 |
| Harbour management | 33,504 | 33,500 | 32,795 |
| Total expenditure | 3,910,574 | 4,005,988 | 3,688,073 |
| Income | | | |
| General rates | 149,796 | 149,796 | 168,015 |
| Targeted rates | 850,272 | 850,272 | 748,774 |
| Direct charges | 1,095,247 | 1,136,450 | 1,053,358 |
| Government grants | 1,647,887 | 1,703,930 | 1,576,880 |
| Government grants – for capital | 21,853 | 402,000 | - |
| Transfers from reserves | 40,000 | 40,000 | 47,531 |
| Transfers to reserves | (5,551) | (4,820) | (7,966) |
| Investment funds | 132,923 | 130,360 | 101,481 |
| Total income | 3,932,427 | 4,407,988 | 3,688,073 |
| Operating surplus/(deficit) | 21,853 | 402,000 | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | 21,148 | 32,000 | - |
| Plant and equipment | 173 | 693,000 | 3,656 |
| Office furniture | - | - | - |
| Computer equipment | - | - | - |
| Flood and river control assets | - | - | - |
| Computer software | - | - | - |
| Total capital expenditure | 21,321 | 725,000 | 3,656 |
| Funded by: | | | |
| Transfer from retained earnings | 21,321 | 725,000 | 3,656 |
| Total funding | 21,321 | 725,000 | 3,656 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 21,321 | 725,000 | 3,656 |
| Total capital expenditure | 21,321 | 725,000 | 3,656 |
| Gross proceeds from the sale of assets | 5,655 | 8,000 | - |
| Depreciation/amortisation expense | 5,170 | 8,806 | 4,936 |

ASSET ACQUISITIONS AND REPLACEMENTS

There were no significant asset acquisitions planned for or undertaken within this group of activities.

INTERNAL BORROWING

There is no internal borrowing within this group of activities.

Hazard Management



HAZARD MANAGEMENT ACTIVITIES:

Hazard management comprises the following activities:

Civil defence emergency management

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

Flood management and general river control

—providing accurate and timely flood warnings, providing flood control advice and undertaking minor works and associated actions to minimise and prevent damage by floods and river erosion—refer to levels of service 3 and 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 levels of service 3 and 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 2015
- Taranaki Civil Defence Emergency Management Group Plan 2012
- 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.

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 administered by the Regional Council and 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 advisory groups. The four key areas of activity are hazard identification and risk reduction, community readiness, response capability and recovery planning. 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 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.



Activities focus on engaging with the region's three territorial authorities to promote land use management as a means of reducing community vulnerability, 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. This was the last year of implementation of the *Civil Defence Emergency Management Group Plan for Taranaki 2012-2016*, which carries a focus on community resilience (social and economic) alongside organisational upskilling. The *Plan* is now under review, as required by statute.

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, 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 upgrading of the flood defences on the Lower Waiwhakaiho Scheme was largely completed in July 2013. The scheme now provides 1% Annual Exceedance Probability (AEP) flood protection (1 in 100-year) to the businesses and residents in the area included within the Lower Waiwhakaiho Flood Control Scheme with an allowance for the effects of climate change to 2060.

Similarly, the Lower Waitara River Flood Control Scheme is complete. The scheme now provides 1% Annual Exceedance Probability (AEP) flood protection (1 in 100-year) to the businesses and residents in the area included within the Lower Waitara River Flood Control Scheme with an allowance for the effects of climate change to 2065.

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 significantly reduced as a result of this work.

Ongoing channel maintenance works were 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.

Minor works were also undertaken on the Kaihihi Stream to control the channel alignment and prevent 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>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: The <i>Civil Defence Emergency Management Group Plan for Taranaki 2012-2017</i> is to be implemented through annual work programmes. The <i>Plan</i> will be reviewed in 2017.</p> | <p>Civil defence emergency management systems are in place and maintained ready to respond. The adopted work programme has been implemented and reported on to the Co-ordinating Executive group (CEG) and Civil Defence Emergency Management Group (CDEMG). Programmes providing administration, community engagement, lifting levels of equipment, resourcing, training and planning functions were implemented. The <i>Civil Defence Emergency Management Group Plan 2012-2017</i> was in effect throughout the year. The functions and structures of the Group and the roles and responsibilities of its members were reviewed. Working groups progressed the <i>Group Plan</i> review. A stocktake of hazards was undertaken. Proposed objectives, principles, and performance expectations across Reduction, Readiness, Response, Recovery, and Monitoring and Evaluation, for incorporation into the new <i>Group Plan</i> were adopted.</p> |
| <p>Measure: Delivery of contractual requirements.</p> <p>Target (Years 1-10): All contract requirements to provide emergency management office and administering authority services to the Civil Defence Emergency Management Group are delivered as specified.</p> <p>Baseline: Annual budget and proposed annual work programme to be adopted by the CDEM Group and annual report adopted by the Group, each year.</p> | <p>The contracted emergency management office and administering authority services, have been delivered as agreed. The full schedule of CEG and CDEMG meetings has been held. The work plan and budget for 2016/2017 was implemented. The plan and budget for 2017/2018 has been adopted. Contracts for key roles are on-going to ensure availability of suitably trained and competent personnel. Recruitment, appointment and training of additional controllers is continuing, with new candidates having been identified and enrolled in national training. Recovery Manager and Welfare Manager appointments are in place.</p> |
| <p>[2] Effective emergency readiness and response capability and capacity in the region</p> <p>Measure: Level of capacity and capability within Taranaki CDEM.</p> <p>Target (Years 1-10): Group readiness and response 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 readiness and response capability and capacity is set out in the <i>2012 Group Plan</i> and has been assessed and recorded by the MCDEM monitoring and evaluation analysis tool in 2015.</p> | <p>The Ministry of Civil Defence and Emergency Management (MCDEM) has scored the Group's readiness and response capability above the designated target. Community awareness and readiness continues to be promoted through social media, with high levels of engagement. The <i>2011/2016 Civil Defence Emergency Management Public Education Plan</i> was implemented. A public awareness survey was undertaken, to shape future public engagement. Training for volunteers and member councils continued. A review and integration of readiness and response operating protocols into training programmes is ongoing. An external review of the engagement and contribution of CEG members to wider emergency management functions and responsibilities in Taranaki was completed, with implementation initiated.</p> |

Programmed level of service

Measure: Implementing effective response and recovery 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 procedures are set out in *Standard Operating Procedures* as listed in the *2012 Group Plan*.

Reported level of service

Recovery from the June 2015 floods concluded. Delivery of the *Marae Welfare Response Plan* and whanau resilience project is ongoing. Utilisation of social media increased, with evidence of greater recognition and utilization by the regional community. Community emergency plan development continued within Taranaki communities, especially Opunake, Manaia, Inglewood, and Waverley. Flood response and welfare plans were revised, and an updated tsunami inundation model received. CDEM responded to numerous severe weather alerts/warnings, tsunami notifications and out of region responses to the Kaikoura earthquake and the Edgcumbe floods.

[3] 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 2015, 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 plan.

All (100%) of 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. 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 clearing works were undertaken on the Stony River downstream of the SH45 Bridge to clear the build up of heavy gravel deposits. Channel clearing works and erosion control works were also undertaken on the Kaihihi Stream.

[4] Accurate and timely flood warnings

Measure: Number of accurate and timely flood warnings issued.

Target (Years 1-10): Accurate and timely flood warnings issued in 100% of cases.

Baseline: In 2014/2015, the Council issued warnings in 100% of cases.

Accurate and timely flood warnings were issued on 8 occasions where special weather watches and warnings had been issued (17—2015/2016) and Council's monitoring of river levels indicated that flood warnings were necessary. This provided timely warnings to allow for the protection of people and property.

ACTIVITIES

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|--|---|---|--|
| <p>[1] Civil defence emergency management</p> | | <p>issue timely warnings for all cases, where necessary, in accordance with the <i>Flood Event Standard Operating Procedure</i> (approximately 35 warnings per annum).</p> | |
| <p>Prepare, implement, monitor and report upon the <i>Taranaki Civil Defence Emergency Management Annual Business Plan</i>.</p> | <p>The <i>2015/2016 Annual Business Plan for Taranaki Civil Defence and Emergency Management</i> (CDEM) was reported to the CDEM Group. The business plan and resourcing budget for 2016/2017 was implemented and regularly reported on. The work plan and budget for 2017/2018 was prepared and adopted.</p> | <p>monitoring was undertaken in accordance with the <i>Flood Event Standard Operating Procedure</i> and in 8 (17) cases flood warnings issued.</p> | |
| | | <p>Undertake minor emergency river and flood control works when necessary.</p> | <p>No (0) emergency works were required.</p> |
| | | <p>Respond to 100% of requests for drainage, river and flood control advice and assistance within ten working days.</p> | <p>Investigated and responded to 20 (65) requests for advice all within ten working days.</p> |
| <p>Develop, implement, monitor and report upon the <i>Civil Defence Emergency Management Public Education Plan for Taranaki</i>. Review the <i>Plan</i> in 2016 and 2021</p> | <p>Made presentations to schools, open day displays, and community groups. Utilisation of social media has increased recognition and utilization, with over 13,000 followers on Facebook, 1,100 on Twitter, and 6,200 enrolled in the OPTN emergency notification system.</p> | <p>Facilitate river control projects for the environmental enhancement of the region's waterways.</p> | <p>Fourteen (8) river control projects were undertaken for environmental enhancement of waterways.</p> |
| <p>[2] Flood management and general river control</p> | | <p>[3] River control schemes</p> | |
| <p>Implement, monitor and report upon the <i>Civil Defence Emergency Management Group Plan for Taranaki 2012</i>, and draft, and notify the next <i>Plan</i> in 2017.</p> | <p>The <i>2016/2017 Annual Business Plan</i> was delivered and reported on an on-going basis. The <i>Group Plan</i> review continued, covering hazard and risk identification and prioritization, readiness, response preparation, recovery planning, and governance and structure. The next <i>Group Plan</i> is planned for notification in 2017.</p> | <p>Manage all flood and river control schemes across the region in accordance with asset management plans; including Lower Waiwhakaiho, Lower Waitara, Okato and Waitotara Schemes.</p> | <p>All schemes were maintained to perform to design standards during the year. Maintained stopbanks and berm areas by mowing, weed control and the clearance of larger vegetation within the flood fairway. Willow and poplar clearing works undertaken on the Waitotara River to maintain the capacity of the flood channel. Channel and erosion control works completed on the Okato Scheme.</p> |
| <p>Effectively monitor rainfall and river levels and issue timely flood warnings. Maintain continuous monitoring systems (100% functional) and</p> | <p>Received 63 (61—2015/2016) special weather watches and warnings from the MetService. In all instances, flood</p> | <p>Manage other minor river schemes to standards as agreed with scheme participants.</p> | <p>No work was required on minor schemes.</p> |

COSTS AND SOURCES OF FUNDS

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Civil defence emergency management | 721,234 | 723,444 | 733,644 |
| Flood management and general river control | 318,199 | 254,489 | 304,902 |
| River control schemes | 251,347 | 274,341 | 558,613 |
| Total expenditure | 1,290,780 | 1,252,274 | 1,597,159 |
| Income | | | |
| General rates | 293,616 | 293,616 | 334,014 |
| Targeted rates | 662,877 | 662,877 | 624,533 |
| Direct charges | 476,291 | 412,764 | 402,431 |
| Government grants | 519 | - | 69,738 |
| Transfers from reserves | 19,027 | - | 343,661 |
| Transfers to reserves | (54,681) | (55,890) | (70,442) |
| Investment funds | 209,745 | 255,521 | 179,978 |
| Total income | 1,607,394 | 1,568,888 | 1,883,913 |
| Operating surplus/(deficit) | 316,614 | 316,614 | 286,754 |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Motor vehicles | 31,209 | 40,000 | 33,856 |
| Plant and equipment | 6,832 | 4,800 | 6,795 |
| Office furniture | 755 | - | - |
| Computer equipment | - | - | - |
| Flood and river control assets | 173,661 | 40,000 | 737,037 |
| Computer software | - | - | - |
| Total capital expenditure | 212,457 | 84,800 | 777,688 |
| Funded by: | | | |
| Transfer from retained earnings | 212,457 | 84,800 | 777,688 |
| Total funding | 212,457 | 84,800 | 777,688 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | 173,661 | 40,000 | 737,037 |
| —to replace existing assets | 38,796 | 44,800 | 40,651 |
| Total capital expenditure | 212,457 | 84,800 | 777,688 |
| Gross proceeds from the sale of assets | 4,130 | 10,000 | - |
| Depreciation/amortisation expense | 44,808 | 45,001 | 52,139 |

ASSET ACQUISITIONS AND REPLACEMENTS

Capital expenditure on the Lower Waitara River Flood Control Scheme involved some finishing touches on the final two stages – 3A and 3B – including grass cover and fencing. The *Lower Waitara River Flood Control Scheme* is now substantially complete. Initial work commenced on the Opunake flood control scheme.

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:

| | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
|---|------------------------|------------------------|
| Closing book value | 12,513,720 | 8,940,356 |
| Acquisitions constructed by the Council | - | - |
| Acquisitions transferred to the Council | - | - |
| Estimated replacement cost | 12,513,720 | 8,940,356 |

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.

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|---------------------------------------|------------------------|------------------------|------------------------|
| Opening balance | 4,514,293 | 3,963,705 | 3,839,079 |
| Plus borrowed during the year | 131,160 | - | 737,037 |
| Less principal repaid during the year | 67,360 | 58,973 | 61,823 |
| Closing balance | 4,578,093 | 3,904,732 | 4,514,293 |
| Interest charged during the year | 304,954 | 257,641 | 297,448 |

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 ACTIVITIES:

Recreation, culture and heritage comprises the following activities:

Regional gardens

—ensuring that Hollard Gardens, Tupare 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 relationship with the Puke Ariki regional museum and library including the ongoing use of display and presentation material within an annual project—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 2014
- Tupare Asset Management Plan 2014
- Pukeiti Asset Management Plan 2014.

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 of the Council 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.

This partnership for funding and operating, maintaining, and developing assists in maintaining Yarrow Stadium as a premier regional sports and events venue.

The implementation of the agreed programme of major maintenance and development through to 30 June 2017 was the focus. The significant development programmes planned for 2016/2017 was new hospitality suites and food/beverage facilities in the Yarrow Stand. The adopted programme of major maintenance was completed. Planning for the capital development projects due to be delivered in 2017/2018 commenced.

Operationally, the highlights for Yarrow Stadium included the hosting of a Wellington Phoenix A-League game against the Western Sydney Wanderers, a Chiefs Super Rugby game against the Reds and the Taranaki national provincial championship rugby games. Yarrow Stadium also hosted a number of T20 domestic games.

Yarrow Stadium is well regarded nationally and internationally and, as such, the Trust is confident that high quality national and international events will continue to be hosted. The Council is delighted to note the return of the All Blacks to Yarrow Stadium in September 2017 for a game against Argentina in the Investec Rugby Championship.

REGIONAL GARDENS

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

The programme of works to upgrade Pukeiti continued with a range of developments across the garden and upgrading of important infrastructure.

The existing gatehouse – now rebranded as the Rainforest Centre – has been renovated and extended. This features a new covered entranceway and elevated walkway connecting to the Vireya Walk. The interior spaces have been significantly reconfigured with modern hospitality, interpretation and function spaces. This is complemented by hard and soft landscaping that builds on the plantings in the adjacent Vireya Walk.

Other development works include:

- Track upgrade works in zone 2 extending the all weather track to the newly established Keiller Garden
- The installation of a suite of story panels to enhance the interpretation of the garden along the Rhododendron Stroll
- The development of a “kid’s treehouse trail”, that can be used in formal or informal education formats.

The rhododendron collection continued to be enhanced with regular bush margin clearance, new

plant introductions and regular pruning and shaping. Pukeiti houses 1,278 different types of rhododendrons, including different subspecies, varieties and forms. Ninety-nine new species or cultivars were added to the collection and 141 different types have been propagated from our own collection.

Tupare was maintained to the standard established in the asset management plan. In the Glade/Cottage borders, the garden beds were extended and refurbished and featured new access to connect the two spaces.

Hollard Gardens was maintained to the standard established in the asset management plan. A new roof was installed on the Events Pavilion and includes a shade sail for summer use.

Hollard Gardens and Tupare both experienced a solid increase in visitor numbers with Hollard gardens going from 16,030 to 18,175 visitors and Tupare growing to 35,810 visitors from 32,926. Pukeiti numbers remained stable at 29,109 compared with 29,481 in 2015/2016.

PUKE ARIKI

The Council’s 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 use of Puke Ariki. The partnership contributed towards five projects: *Bugs — Our Amazing Backyard Heroes*, a very popular interactive exhibition which attracted record numbers of visitors; *Gardens — The Four Seasons* which captures drone footage of the three regional gardens; *Taranaki Theatre Experience*, a multisensory state of the art production (funding carried over to 2017/2018); the *TRC events programme* and *Aotea Utanganui Museum of South Taranaki* to support the development of an exhibition focusing on dairying in South Taranaki.

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

[1] Tupare, Hollard Gardens and Pukeiti recognised as regionally or nationally significant gardens

Measure: Maintenance and enhancement of three regionally significant gardens.

Target (Years 1-10): Pukeiti, Tupare and Hollard Gardens maintained and enhanced in accordance with the provisions of the adopted asset management plans.

Baseline: The three properties are maintained to the latest adopted asset management plan. Latest asset management plans were adopted in 2014.

Measure: Level of use of Tupare, Hollard Gardens and Pukeiti.

Target (Years 1-10): Increasing the number of visitors to each property and the number of events at each property.

Baseline: In 2014/2015, Tupare attracted approximately 29,207 visitors with Hollard Gardens attracting approximately 12,595. Pukeiti had 27,050 visitors. There were 42 events at Tupare, 44 at Hollard Gardens and 50 at Pukeiti. All three properties were part of the *Powerco Taranaki Garden Spectacular*.

Reported level of service

All three regional gardens were maintained and enhanced in accordance with their adopted asset management plans.

Tupare attracted approximately 35,810 visitors (32,926 — 2015/2016) with Hollard Gardens attracting approximately 18,175 (16,030) and Pukeiti 29,109 (29,481). There were 54 (49) events at Tupare, 79 (80) at Hollard Gardens and 11 (23) at Pukeiti.



Image: Puke Ariki

Programmed level of service

Reported level of service

[2] Partnership relationship with the Puke Ariki regional museum and library

Measure: Annual project for the delivery of display and presentation material.

The ongoing partnership relationship with Puke Ariki continued during 2016/2017. The partnership contributed towards five projects: *Bugs — Our Amazing Backyard Heroes*, a very popular interactive exhibition which attracted record numbers of visitors; *Gardens — The Four Seasons* which captures drone footage of the three regional gardens; *Taranaki Theatre Experience*, a multisensory state of the art production (funding carried over to 2017/2018); the *TRC events programme* and *Aotea Utanganui Museum of South Taranaki* to support the development of an exhibition focusing on dairying in South Taranaki.

Target (Years 1-10): Delivery of an annual project.

Baseline: In 2012/2013, the partnership contributed towards the Taranaki public events programme (a series of events designed to enliven the Taranaki Naturally Gallery and explore the themes outlined as a schedule to the Partnership Agreement), a contribution to the development and delivery of the exhibition *Kiwi prefab: Cottage to Cutting Edge*, a contribution to develop and enhance the information on the i-SITE digital interactive tables around the Taranaki Regional Council Gardens and associated walkways and projects and funding towards the *Calling back the Kokako* display and the telling of its story. The Council and Puke Ariki worked with Aotea Utanganui - Museum of South Taranaki to support the *Port-able: a history of South Taranaki ports* exhibition.

[3] Presentation and operation of Yarrow Stadium as one of New Zealand's premier regional sporting stadium and venue

Measure: Maintenance and development of Yarrow Stadium for a range of events and activities.

The implementation of the agreed programme of major maintenance and development through to 30 June 2017 was the focus. A strategic plan and an associated asset management plan for 2015/2025 was completed and adopted in December 2015. The significant development programmes planned for 2016/2017 was new hospitality suites and food/beverage facilities in the Yarrow Stand. The adopted programme of major maintenance was completed. Planning for the capital development projects due to be delivered in 2017/2018 commenced.

Target (Years 1-10): Provision of funding for the ongoing maintenance and development of Yarrow Stadium.

Baseline: The Council commenced providing funding for the ongoing maintenance and development of Yarrow Stadium in 2012/2013.

ACTIVITIES

| Programme | 2016/2017 actual performance | Programme | 2016/2017 actual performance |
|---|--|--|---|
| [1] Regional gardens | | | |
| Provide three regional gardens (Tupare, Hollard Gardens and Pukeiti) for free general use by the regional community. Three gardens open 9am to 5pm seven days a week, with Hollard Gardens and Tupare open till 8pm during daylight saving hours. | The gardens were open to the public daily. Entry was free to all three properties. | <ul style="list-style-type: none"> • upgrading the outer ring tracks • reconfiguring and upgrading the Gate House. | <ul style="list-style-type: none"> • refurbishment of areas affected by the developments as built structures are completed • renovation of the lookout has been deferred • completion of the planning for the Valley of the Giants story panels • extension and upgrade of the arrival/carpark has been deferred until the construction of the Rainforest Centre and the Lodge has been completed • completion of the upgrade of the track up to the Keiller Garden for all-weather pedestrian and mobility vehicle access • substantial completion of the Rainforest Centre (formally known as the Gatehouse). |
| Encourage the increased use of the regional gardens by the community for recreational purposes and for specific events. | Tupare attracted 35,810 visitors (32,926 — 2015/2016) with Hollard Gardens attracting 18,175 (16,030) and Pukeiti 29,109 (29,481). There were 54 (49) events at Tupare, 79 (80) at Hollard Gardens and 11 (23) at Pukeiti. | | |
| Continue implementing the Pukeiti asset management plans focusing on completing the upgrade works at Pukeiti. Priority tasks to be completed include: <ul style="list-style-type: none"> • enhancing the garden and the Rhododendron Collection • continuing the implementation of the Plant Collection Plan • refurbishing the Lodge and surrounds • stabilising the cultivated area to the south of the Lodge by way of a retaining wall • refurbishing the plant borders • renovating the Pukeiti lookout • completing the rainforest interpretation material • subject to demand, extending the carpark | A comprehensive upgrade programme is in progress. The following works were undertaken: <ul style="list-style-type: none"> • enhancement of the rhododendron collection through bush margin clearance, story panels and seasonal plant husbandry • completion of the plant database and presentation of it on-site and via the website. The database also targets species to include in the propagation programme • commencement of the refurbishing of the Lodge and surrounds. A new lodge will be built next year as the condition of the existing lodge is not suitable for renovation | | |
| | | Review and adopt asset management plans for Tupare, Hollard Gardens and Pukeiti by 31 October 2017. | All three asset management plans were revised and adopted in 2014. The next review of the plans will occur in 2017/2018. |

Programme**2016/2017 actual performance**

[2] Puke Ariki

Maintain an ongoing partnership relationship with the Puke Ariki regional museum and library including the ongoing use of display and presentation material within an annual project.

The ongoing partnership relationship with Puke Ariki continued. The partnership contributed towards five projects: *Bugs — Our Amazing Backyard Heroes*, a very popular interactive exhibition which attracted record numbers of visitors; *Gardens — The Four Seasons* which captures drone footage of the three regional gardens; *Taranaki Theatre Experience*, a multisensory state of the art production (funding carried over to 2017/2018); the *TRC events programme* and *Aotea Utanganui Museum of South Taranaki* to support the development of an exhibition focusing on dairying in South Taranaki.

[3] 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.



Programme**2016/2017 actual performance**

Undertake asset management planning for the future maintenance, enhancement and development of Yarrow Stadium.

A joint committee of the Taranaki Regional Council and the New Plymouth District Council developed and approved the 2017/2018 programme of major maintenance and development.

Provide regional funding for the future maintenance, enhancement and development of Yarrow Stadium.

The Council provided regional funding to the Taranaki Stadium Trust for long-term maintenance and development at Yarrow Stadium. The implementation of the approved programme of major maintenance and development was the focus. The minor and major maintenance programmes for the year were completed on time and on budget. The significant capital development was the new hospitality suites and food/beverage facilities in the Yarrow Stand.

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 assists in maintaining Yarrow Stadium as a premier regional sports and events venue.

The implementation of the agreed programme of major maintenance and development through to 30 June 2017 was the focus. The significant development programmes planned for 2016/2017 was new hospitality suites and food/beverage facilities in the Yarrow Stand. This project will be completed in time for the All Blacks against Argentina rugby test match on 9 September 2017. Improving and/or increasing the hospitality options provide additional opportunities for larger events to be attracted to Yarrow Stadium.

The adopted programme of minor and major maintenance programmes for the year was completed. This programme of maintenance and development was delivered on time and on budget.

Planning for the maintenance and development projects due to be delivered in 2017/2018 and the planning for the development of the 2018/2028 asset management plans commenced.

Operationally, Yarrow Stadium hosted 10 major events including the hosting of a Wellington Phoenix A-League game against the Western Sydney Wanderers, a Chiefs Super Rugby game against the Reds and the Taranaki national provincial championship rugby games. Yarrow Stadium also hosted a number of T20 domestic games. There were also over 33,000 visitors to Yarrow Stadium for 413 community events (excluding major events).

Yarrow Stadium is well regarded nationally and internationally and, as such, the Trust is confident that high quality national and international events will continue to be hosted. The Council is delighted to note the return of the All Blacks to Yarrow Stadium in September 2017 for a game against Argentina in the Investec Rugby Championship.

The Trust's financial position continues to be strong. The Trust has incurred some debt to finance the recovering of the stand roofs and the new hospitality facilities.

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 2016/2017.

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. This year's programme involved completion of the minor and major maintenance programmes for the year. This programme of maintenance and development was delivered on time and on budget. The major development project in 2016/2017 was new hospitality suites and food/beverage facilities in the Yarrow Stand. This project will be completed in time for the All Blacks against Argentina rugby test match on 9 September 2017.

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

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Regional gardens | 2,328,714 | 2,414,463 | 2,749,655 |
| Puke Ariki | 150,000 | 150,000 | 150,000 |
| Yarrow Stadium | 876,000 | 876,000 | 876,000 |
| Total expenditure | 3,354,714 | 3,440,463 | 3,775,655 |
| Income | | | |
| General rates | 1,601,390 | 1,601,390 | 1,564,434 |
| Targeted rates | 307,454 | 307,454 | 292,538 |
| Direct charges | 181,605 | 138,000 | 65,703 |
| Investment funds | 1,264,265 | 1,393,619 | 1,852,980 |
| Total income | 3,354,714 | 3,440,463 | 3,775,655 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | - | - | - |
| Buildings | 2,269,721 | 2,752,000 | 1,410,471 |
| Motor vehicles | 40,188 | 20,000 | - |
| Plant and equipment | 41,779 | 67,000 | 46,900 |
| Office furniture | - | - | - |
| Computer equipment | - | - | 12,770 |
| Flood and river control assets | - | - | - |
| Computer software | - | - | - |
| Total capital expenditure | 2,351,688 | 2,839,000 | 1,470,141 |
| Funded by: | | | |
| Transfer from retained earnings | 2,351,688 | 2,839,000 | 1,470,141 |
| Total funding | 2,351,688 | 2,839,000 | 1,470,141 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 2,351,688 | 2,839,000 | 1,470,141 |
| Total capital expenditure | 2,351,688 | 2,839,000 | 1,470,141 |
| Gross proceeds from the sale of assets | 4,350 | - | - |
| Depreciation/amortisation expense | 283,681 | 398,455 | 252,210 |

ASSET ACQUISITIONS AND REPLACEMENTS

The budget for implementation of year two (2016/2017) of the Pukeiti asset management plans was \$2,537,000. The actual spend was \$2,235,352 on a number of projects including the Rainforest Centre (formally known as the Gatehouse), the rebuilding of the Lodge and surrounds and the upgrade of the track up to the Keiller Garden for all-weather pedestrian and mobility vehicle access.

INTERNAL BORROWING

There is no internal borrowing within this group of activities.

Regional Representation, Advocacy and Investment Management

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT ACTIVITIES:



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 levels of service 3 and 4.

Community engagement

—promoting community awareness and understanding of the Council's functions and activities, and making quality and timely information publicly available.

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 2.

Governance

—facilitating public representation by the Council and its committees in accordance with statutory requirements—refer to level of service 1.

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
- 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 processes of the Council 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 is looking favourable. Recent performance of the region's port company has been good. Dividends of \$9.92m 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 and advice and education on the Council's activities including publishing four editions of the *Recount* newsletter, working with 241 classes involving 8,001 students, including class visits, field trips and the Pukeiti Rainforest School was completed. Held three teacher workshops and 17 staff meetings in addition to the distribution of additional resources to teachers. Fifteen environmental awards were presented in November 2016. The new website was launched in August 2016.

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*.

The Council made 31 submissions to the policy initiatives of other agencies. 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.

The Council was 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 |
|--|---|
| [1] Effective, open and transparent democratic Council processes | |
| <p>Measure: Completion of statutory public accountability processes.</p> <p>Target (Years 1-10): Completion of statutory planning and reporting documents (Long-Term Plan, Annual Plans and Annual Reports) within statutory requirements.</p> <p>Baseline: Statutory planning and reporting accountability documents have all previously been prepared within statutory requirements and timeframes.</p> | <p>Statutory planning and reporting accountability documents have all been prepared within statutory requirements and timeframes. The <i>2015/2016 Annual Report</i> was adopted on 19 September 2016. The Council adopted its draft <i>2017/2018 Annual Plan</i> at its February 2017 Ordinary meeting. The <i>2017/2018 Annual Plan</i> was adopted on 8 May 2017.</p> |
| <p>Measure: Successful completion of triennial local authority elections.</p> <p>Target (Years 1-10): Conduct of triennial local authority elections without any need for re-conduct of the elections as a result of judicial review.</p> <p>Baseline: Elections have been conducted every three years. There have been no judicial reviews or a need to re-conduct any election. Elections were successfully undertaken in October 2013.</p> | <p>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.</p> |
| <p>Measure: All Council meetings conducted in compliance with statutory requirements.</p> <p>Target (Years 1-10): Meetings conducted in accordance with <i>Standing Orders</i>, agendas publicly available at least 48 hours before a meeting and minutes prepared and adopted for all meetings.</p> <p>Baseline: It has always been Council practice for meetings to be conducted in accordance with <i>Standing Orders</i>, agendas to be publicly available at least 48 hours before meetings and minutes to be prepared and adopted for all meetings.</p> | <p>All Council meetings were conducted in accordance with <i>Standing Orders</i>. Agendas are publicly available at least 48 hours before each meeting and minutes are prepared and adopted for all meetings.</p> |
| [2] 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>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 2012/2013, the Council made 28 submissions with anecdotal evidence of successful advocacy.</p> | <p>Made 31 (19) submissions to the policy initiatives of other agencies with evidence of successful advocacy. The number of submissions made reflects the number of policy initiatives by other agencies. Many of the submissions were large or complex documents requiring considered response. Examples included: Trans-Tasman Resources marine mining application; NPDC district plan review; STDC trade waste proposal; MfE review of the NPS- Fresh Water; MfE NES for plantation forestry; DoC review of the NZ Coastal Policy Statement; and MfE NPS for urban development capacity.</p> |

Programmed level of service**Reported level of service**

[3] Port Taranaki ownership as a strategic investment

Measure: The role of Port Taranaki Ltd in regional economy.

Target (Years 1-10): Maintain or increase the contribution from Port Taranaki Ltd to the regional economy.

Baseline: The contribution to the wider community was measured in 2012 and the estimated Port dependent activity contributes \$465 million to regional gross domestic product (GDP) and employs 1,270 full time equivalents (FTEs). Industries that utilize the Port collectively contribute \$2.5 billion to regional GDP and employ 11,700 FTEs. To be measured again in 2017.

The contribution to the wider community was measured in 2007 and in 2012 and the estimated Port dependent activity contributes \$465 million to regional gross domestic product (GDP) and employs 1,270 full time equivalents (FTEs). Industries that utilize the Port collectively contribute \$2.5 billion to regional GDP and employ 11,700 FTEs. The contribution will next be measured in 2017 (currently underway).

Measure: The financial and operational performance of Port Taranaki Ltd.

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.

Baseline: Port Taranaki Ltd's financial and operational performance is reviewed, in terms of the statement of corporate intent, twice a year.

The statement of corporate intent for 2016/2019 was considered by the Council on 16 August 2016. Port Taranaki Ltd's performance was reviewed when considering their *2015/2016 Annual Report* at the Council's Ordinary Meeting on 19 September 2016 (the *201/2017 Annual Report* will be considered at the Council's Ordinary Meeting on 18 September 2017). The half-year results to 31 December 2016 were considered by the Council on 3 April 2017.

[4] Effective management of property and treasury investments owned by the Council

Measure: Investment returns from property and treasury investments on general rates.

Target (Years 1-10): Maintain or increase the level of investment returns used to reduce each year's general rates requirement.

Baseline: Between 2011/2012 and 2012/2013, the level of investment returns decreased by 0.32%.

Total investment returns from property and treasury investments were interest \$527,175 (\$665,731 — 2015/2016) and lease rent \$861,412 (\$858,115). This represented a 8.9% (15.1% decrease) decrease over last year. These returns were used to reduce the general rate requirement.

ACTIVITIES

| Programme | 2016/2017 actual performance |
|---|--|
| [1] Investment management | |
| Consider Port Taranaki's annual statement of corporate intent and monitor performance against established targets on an annual basis. | The statement of corporate intent for 2016/2019 was considered on 16 August 2016. Port Taranaki Ltd's performance was reviewed when considering their 2015/2016 Annual Report on 19 September 2016. The half-year results to 31 December 2016 were considered on 3 April 2017. |
| Appoint Directors at Port Taranaki Ltd's annual general meeting and at other times as required. | Messrs Auld and Marshall retired by rotation and were reappointed at the 28 September 2016 AGM. Councillor Littlewood replaced Councillor Horton from 8 November 2016. Mr Horton was retained as a Director pending a review of the skill sets needed by the Board. |
| 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 Council's Investment Policy. | Renewed 2 leases (3—2015/2016). No (0) leasehold property was divested during the year. Achieved a 5.17% (5.55%) return from leasehold land rentals. |
| Manage and maximise the returns from treasury investments in accordance with the Council's Investment Policy. | All treasury investments were in accordance with the Council's Investment Policy. Achieved a 4.72% (5.30%) return from treasury investments. |



| Programme | 2016/2017 actual performance |
|--|--|
| [2] Community engagement | |
| Produce regular editions (4 per annum) of the <i>Recount</i> newsletter to over 1,000 stakeholders through a range of channels. | Published 4 editions of the external newsletter <i>Recount</i> (4—2015/2016) to over 1,000 key stakeholders. |
| Engage with the community across a range of channels including print and digital publications, news media, websites and mobile and social media. | Ongoing engagement with the regional community occurred across the range of communications channels. The new website was launched in August 2016. The social media presence has continued to grow. |
| Implement the Council's environmental awards programme. | Fifteen (15) environmental awards were presented in November 2016. |
| Provide an on-going environmental education programme for school children and the wider community including class visits, field trips and the Pukeiti Rainforest School. | Distributed 4 (4) issues of the <i>SITE (Schools in the Environment)</i> newsletter. Carried out 241 (224) class visits involving 8,001 (7,686) students. These included 13 (18) groups involving 317 (445) students to the Pukeiti Rainforest School. Three (5) teacher workshops and 17 (8) staff meetings were facilitated. |

| Programme | 2016/2017 actual performance | Programmes and performance measures set in Port Taranaki Ltd's statement of intent | 2016/2017 actual performance |
|---|---|--|-------------------------------------|
| [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 15 occasions per year. | Assessed the implications of the policy initiatives proposed by other agencies resulting in the preparation of 31 (19), submissions which involved large or technically or legally complex documents requiring thorough analysis and careful and considered response. | Trade Volumes: The Company will pursue growth opportunities and will as a minimum seek to achieve a compound growth rate of 1.0% per annum. Freight Tonnes (m) target 5.51m. | 5.08m (2015/2016—5.15m) |
| | | Financial: EBITDA on average total assets (Target > 10.5%) | 10.3% (11.4%) |
| [4] Governance | | | |
| Complete statutory public accountability documents including long-term plans in 2017/2018, 2020/2021 and 2023/2024, annual plans in years in which a long-term plan is not prepared, and an audited annual report each year. | Statutory planning and reporting accountability documents have all been prepared within statutory requirements and timeframes. The <i>2015/2016 Annual Report</i> was adopted on 19 September 2016. After public consultation, the <i>2016/2017 Annual Plan</i> was adopted 8 May 2017. | Financial: Return (NPAT) on average total assets (Target >4.5%) | 3.9% (5.2%) |
| | | Financial: Return (NPAT) on average shareholder's funds (Target >6.0%) | 5.3% (6.9%) |
| | | Financial: Equity Percentage (Target 72.0%) | 74.0% (74.9%) |
| | | Financial: Interest Coverage Ratio (Target >3.5x) | 16.1x (11.3x) |
| Preparation of agendas and meetings in accordance with <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. | Health and safety: Total Recordable Injury Frequency (Target <1.0) | 4.8 (1.6) |
| Conduct of meetings in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i> . | All meetings are conducted in accordance with adopted <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i> . | Health and safety: Events reported (Target 1.5 per FTE) | 16 per FTE (1.15 per FTE) |
| Successful conduct of triennial local authority elections in 2016, 2019 and 2022. | The 2016 triennial 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. | Health and safety: Non Incident to Incident Ratio (Target 8 to 1) | 8 to 1 (6.72 to 1) |
| | | Environment: Incidents of Harbour Pollution (Target Nil) | Nil (Nil) |
| | | Environment: Compliance with all resource consents (Target Yes) | Yes (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, 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 | Achieved | Comment |
|--|----------|--|
| IRIS Advisory Group meets regularly & is effective (Self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group). | Achieved | The Advisory Group (AG) met every month by video conference. Three in-person meetings were also held across the year. The AG has continued to operate in an effective and constructive manner throughout the year. |
| A robust and consistent process operates to develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects. | Achieved | The major enhancements roadmap for 2016/17 was developed and approved by the AG. Datacom was commissioned to develop a mobile roadmap and integration strategy which, with the application infrastructure strategy will inform future development. |

| Performance target | Achieved | Comment |
|---|--------------------|--|
| Major Enhancement projects identified on the Annual Roadmap are completed on time and within budget. | Achieved | There were 8 major enhancement projects on the annual road map for 2016/17. Four of these were completed within budget and as scheduled and the remaining four projects are due to be completed 2017/18. |
| Budgets and processes for support and minor enhancements are effectively managed. (Assessed by the Advisory Group) | Achieved | The minor enhancements and support budgets were fully consumed. |
| User (non-IT) participation in RSHL management and development processes is increased. (Measured by membership of formal RSHL groups) | Not Achieved | Users continue to collaborate and participate in RSHL through the User Groups, but participation in formal RSHL groups has not expanded. |
| Reporting and Payments (Section 9.3 of Business Plan) are completed on time. | Partially Achieved | The reporting and payments timetable has largely been met, with the exception of the revised Business Plan which did not pass through a formal approval process within the timeframe set out in the reporting timetable. |
| Consider a new service area or areas outside of the current scope of IRIS | Achieved | Business intelligence and customer portal are being planned to compliment the current functionality of IRIS. RSHL is also proposing to take a role as a 'vehicle' for delivering wider regional council information and software solutions beyond IRIS and beyond the current shareholder and customer base. |
| RSHL will operate within 5% (plus or minus) of its budget. | Achieved | Expenditure against the available funding has been monitored throughout the year and has tracked to budget. The areas of increased expenditure were offset by under spends. |
| Annual charges: increase in cost to councils not to exceed the CPI. | Achieved | The annual charges increased by 1.3%. |
| Respond to requests from Councils with the intent of adding one further Council to IRIS as a shareholder or customer by end of 2018 | Achieved | Responded to an RFP issued by Hawke's Bay Regional Council (HBRC), and as a result HBRC has signed up to implement IRIS as a customer of RSHL. |

COSTS AND SOURCES OF FUNDS

| | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ |
|---|------------------------|------------------------|------------------------|
| Expenditure | | | |
| Investment management | 27,151 | 6,000 | 6,000 |
| Community engagement | 178,723 | 178,369 | 179,557 |
| Advocacy and response | 324,374 | 251,404 | 282,752 |
| Governance | 1,060,561 | 1,023,301 | 908,648 |
| Total expenditure | 1,590,809 | 1,459,074 | 1,376,957 |
| Income | | | |
| General rates | 777,474 | 777,474 | 648,538 |
| Direct charges | 1,000 | 5,000 | 952 |
| Investment funds | 812,335 | 676,600 | 727,467 |
| Total income | 1,590,809 | 1,459,074 | 1,376,957 |
| Operating surplus/(deficit) | - | - | - |
| Capital expenditure | | | |
| Land | 173,000 | - | - |
| Buildings | 466,779 | - | 12,535 |
| Motor vehicles | 293,619 | 262,000 | 26,131 |
| Plant and equipment | 232,392 | 1,500 | 83,320 |
| Office furniture | 60,210 | 19,000 | 18,491 |
| Computer equipment | 150,806 | 150,000 | 141,843 |
| Flood and river control assets | - | - | - |
| Computer software | 321,094 | 550,000 | 315,499 |
| Total capital expenditure | 1,697,900 | 982,500 | 597,819 |
| Funded by: | | | |
| Transfer from retained earnings | 1,697,900 | 982,500 | 597,819 |
| Total funding | 1,697,900 | 982,500 | 597,819 |
| Capital expenditure: | | | |
| —to meet additional demand | - | - | - |
| —to improve the level of service | - | - | - |
| —to replace existing assets | 1,697,900 | 982,500 | 597,819 |
| Total capital expenditure | 1,697,900 | 982,500 | 597,819 |
| Gross proceeds from the sale of assets | 85,168 | 63,000 | - |
| Depreciation/amortisation expense | 503,079 | 565,404 | 505,235 |

ASSET ACQUISITIONS AND REPLACEMENTS

The Council purchased a property at 23C Tukapa Street, New Plymouth (\$401,000) that will eventually form part of the Yarrow Stadium complex. The Boardroom was upgraded at a cost of \$529,000.

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 2016/2017 year compared against the budget set for 2016/2017 in the 2016/2017 Annual Plan and the results achieved in 2015/2016.

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 2017

| | Notes | Council | | | Group | |
|--|-------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Cost of services | | | | | | |
| Resource management | | 12,924,482 | 13,364,221 | 13,173,822 | 12,911,759 | 13,164,456 |
| Biosecurity | | 1,722,135 | 1,839,759 | 1,727,712 | 1,722,135 | 1,727,712 |
| Transport | | 3,910,574 | 4,005,988 | 3,688,073 | 3,877,574 | 3,657,073 |
| Hazard management | | 1,290,780 | 1,252,274 | 1,597,159 | 1,290,780 | 1,597,159 |
| Recreation, culture and heritage | | 3,354,714 | 3,440,463 | 3,775,655 | 3,469,098 | 4,033,117 |
| Regional representation, advocacy and investment management | | 1,590,809 | 1,459,074 | 1,376,957 | 1,590,809 | 1,376,957 |
| Port operating expenses | | - | - | - | 28,956,059 | 30,951,328 |
| Total expenses | 5 | 24,793,494 | 25,361,779 | 25,339,378 | 53,818,214 | 56,507,802 |
| Revenue from exchange transactions | | | | | | |
| Direct charges revenue | 4 | 3,941,407 | 3,765,701 | 3,895,937 | 3,931,985 | 3,874,356 |
| Other investment revenue | | 1,053,771 | 1,050,000 | 1,099,423 | 1,009,389 | 1,055,041 |
| Dividends | | 4,924,700 | 4,924,700 | 4,477,000 | - | - |
| Port revenue from operations | | - | - | - | 41,622,526 | 44,618,007 |
| Revenue from non-exchange transactions | | | | | | |
| General rates revenue | | 7,536,493 | 7,536,493 | 7,461,875 | 7,536,493 | 7,461,875 |
| Targeted rates revenue | | 1,820,603 | 1,820,603 | 1,665,845 | 1,820,603 | 1,665,845 |
| Direct charges revenue | 4 | 3,333,892 | 3,641,703 | 3,409,687 | 3,333,892 | 3,409,586 |
| Government grants | | 1,955,372 | 2,405,930 | 2,209,103 | 1,955,372 | 2,209,103 |
| Vested assets | | - | - | - | - | - |
| Total revenue | 4 | 24,566,238 | 25,145,130 | 24,218,870 | 61,210,260 | 64,293,813 |
| Operating surplus/(deficit) before finance income and expenses, other gains/losses and taxation | | (227,256) | (216,649) | (1,120,508) | 7,392,046 | 7,786,011 |
| Finance income | 4 | 527,175 | 525,000 | 665,744 | 549,884 | 707,680 |
| Finance expense | 5 | - | - | - | 1,254,056 | 1,434,032 |
| Net finance income (expense) | | 527,175 | 525,000 | 665,744 | (704,172) | (726,352) |
| Operating surplus before other gains/losses and taxation | | 299,919 | 308,351 | (454,764) | 6,687,874 | 7,059,659 |
| Other gains/losses | | | | | | |
| Gains/(losses) on revaluation of investment properties | | 1,204,500 | - | 848,000 | 1,204,500 | 848,000 |
| Operating surplus before taxation | | 1,504,419 | 308,351 | 393,236 | 7,892,374 | 7,907,659 |
| Income tax expense | 7 | 1,727 | - | 9,329 | 4,265,973 | 3,439,217 |
| Net surplus/(deficit) for the period, net of tax | 21 | 1,502,692 | 308,351 | 383,907 | 3,626,401 | 4,468,442 |
| Other comprehensive income | | | | | | |
| Items that may be reclassified subsequently to profit and loss when specific conditions met. | | | | | | |
| Revaluation of property, plant and equipment | | 120,881 | - | 578,913 | 1,555,716 | 9,384,539 |
| Change in cash flow hedge | | - | - | - | 690,995 | (1,440,666) |
| Other comprehensive income, net of tax | | 120,881 | - | 578,913 | 2,246,711 | 7,943,873 |
| Total comprehensive income for the period, net of tax | | 1,623,573 | 308,351 | 962,820 | 5,873,112 | 12,412,315 |

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 2017

| Council | Notes | Retained earnings \$ | Reserves \$ | Asset revaluation reserves \$ | Cash flow hedge reserve \$ | Total equity \$ |
|---|--------------|-----------------------------|--------------------|--------------------------------------|-----------------------------------|------------------------|
| As at 1 July 2015 | | 63,668,519 | 11,902,061 | 3,723,232 | - | 79,293,812 |
| Changes in equity for 2015/2016 | | | | | | |
| Total comprehensive income for the period | | 383,907 | - | 578,913 | - | 962,820 |
| Transfers to and from reserves | | 657,783 | (657,783) | - | - | - |
| As at 30 June 2016 | 18 | 64,710,209 | 11,244,278 | 4,302,145 | - | 80,256,632 |
| Changes in equity for 2016/2017 | | | | | | |
| Total comprehensive income for the period | | 1,502,692 | - | 120,881 | - | 1,623,573 |
| Transfers to and from reserves | | 114,795 | (114,795) | - | - | - |
| As at 30 June 2017 | 18 | 66,327,696 | 11,129,483 | 4,423,026 | - | 81,880,205 |

| Group | Notes | Retained earnings \$ | Reserves \$ | Asset revaluation reserves \$ | Cash flow hedge reserve \$ | Total equity \$ |
|--|--------------|-----------------------------|--------------------|--------------------------------------|-----------------------------------|------------------------|
| As at 1 July 2015 | | 135,824,157 | 11,902,061 | 54,755,778 | (505,785) | 201,976,211 |
| Changes in equity for 2015/2016 | | | | | | |
| Total comprehensive income for the period | | 4,468,442 | - | 9,384,539 | (1,440,666) | 12,412,315 |
| Transfers to and from reserves | | 657,783 | (657,783) | - | - | - |
| Transfers to and from asset revaluation reserves | | 82,179 | - | (82,179) | - | - |
| As at 30 June 2016 | 18 | 141,032,561 | 11,244,278 | 64,058,138 | (1,946,451) | 214,388,526 |
| Changes in equity for 2016/2017 | | | | | | |
| Total comprehensive income for the period | | 3,626,401 | - | 1,555,716 | 690,995 | 5,873,112 |
| Transfers to and from reserves | | 114,795 | (114,795) | - | - | - |
| Transfers to and from asset revaluation reserves | | - | - | - | - | - |
| As at 30 June 2017 | 18 | 144,773,757 | 11,129,483 | 65,613,854 | (1,255,456) | 220,261,638 |

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

| | Notes | Council | | | Group | |
|--|-------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Current assets | | | | | | |
| Cash and cash equivalents | 8 | 1,190,605 | 914,877 | 1,702,093 | 5,048,690 | 2,485,573 |
| Current portion of investments | 13 | 7,847,041 | - | 9,664,806 | 7,847,041 | 9,664,806 |
| Receivables from exchange transactions | 9 | 1,230,663 | 960,000 | 863,235 | 6,513,400 | 10,723,629 |
| Receivables from non-exchange transactions | 9 | 1,761,702 | 1,040,000 | 2,022,147 | 1,761,702 | 2,022,147 |
| Inventories | 12 | 41,763 | - | 46,061 | 660,500 | 660,003 |
| Investment properties held for sale | 14 | - | - | 205,000 | - | 205,000 |
| Prepayments | | 186,823 | 100,000 | 184,651 | 186,823 | 184,651 |
| Taxation refundable | 7 | 6,555 | - | - | 6,555 | - |
| Work-in-progress | 28 | 127,904 | 400,000 | 272,205 | 127,904 | 272,205 |
| Total current assets | | 12,393,056 | 3,414,877 | 14,960,198 | 22,152,615 | 26,218,014 |
| Non current assets | | | | | | |
| Term deposits and treasury investments | 13 | 2,500,000 | 9,407,975 | 2,541,363 | 2,500,000 | 2,541,363 |
| 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 |
| Taranaki Stadium Trust | | - | - | - | - | - |
| Investment properties | 14 | 16,669,500 | 14,617,000 | 15,260,000 | 16,669,500 | 15,260,000 |
| Intangible assets | 11 | 487,942 | 1,018,071 | 194,690 | 1,152,985 | 929,602 |
| Property, plant and equipment | 10 | 28,457,434 | 28,714,773 | 25,319,045 | 236,251,901 | 220,540,154 |
| Deferred tax asset | 7 | - | - | - | - | 908,624 |
| Total non current assets | | 74,913,994 | 80,556,937 | 70,114,216 | 257,373,504 | 240,978,861 |
| Total assets | | 87,307,050 | 83,971,814 | 85,074,414 | 279,526,119 | 267,196,875 |
| Current liabilities | | | | | | |
| Payables from exchange transactions | 15 | 2,787,592 | 1,040,000 | 2,045,982 | 8,828,533 | 7,182,809 |
| Payables from non-exchange transactions | 15 | 338,313 | 960,000 | 410,142 | 338,313 | 410,142 |
| Employee entitlements | 26 | 1,061,185 | 935,000 | 1,030,768 | 2,288,695 | 2,440,872 |
| Work-in-progress | 28 | 487,755 | 500,000 | 469,002 | 487,755 | 469,002 |
| Borrowings | 17 | - | - | - | 1,794,357 | 1,991,125 |
| Taxation payable | 7 | - | - | 7,888 | 531,031 | 1,504,793 |
| Total current liabilities | | 4,674,845 | 3,435,000 | 3,963,782 | 14,268,684 | 13,998,743 |
| Non current liabilities | | | | | | |
| Payables from exchange transactions | 15 | - | - | - | - | - |
| Employee entitlements | 16 | 752,000 | 800,000 | 854,000 | 1,510,000 | 1,685,000 |
| Deferred tax liability | | - | - | - | 414,519 | - |
| Derivative financial instruments | 29 | - | - | - | 1,255,456 | 1,946,451 |
| Borrowings | 17 | - | - | - | 41,815,822 | 35,178,155 |
| Total non current liabilities | | 752,000 | 800,000 | 854,000 | 44,995,797 | 38,809,606 |
| Total liabilities | | 5,426,845 | 4,235,000 | 4,817,782 | 59,264,481 | 52,808,349 |
| Public equity | | | | | | |
| Retained earnings | 18 | 66,327,696 | 64,781,358 | 64,710,209 | 144,773,757 | 141,032,561 |
| Reserves | 18 | 11,129,483 | 11,232,224 | 11,244,278 | 11,129,483 | 11,244,278 |
| Asset revaluation reserves | 18 | 4,423,026 | 3,723,232 | 4,302,145 | 65,613,854 | 64,058,138 |
| Cash flow hedge reserve | 18 | - | - | - | (1,255,456) | (1,946,451) |
| Total public equity | 18 | 81,880,205 | 79,736,814 | 80,256,632 | 220,261,638 | 214,388,526 |
| Total liabilities and equity | | 87,307,050 | 83,971,814 | 85,074,414 | 279,526,119 | 267,196,875 |

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 2017

| | Notes | Council | | | Group | |
|---|-------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2016/2017 Budget \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Cash flow from operating activities | | | | | | |
| Cash was provided from: | | | | | | |
| Rates | | 9,357,096 | 9,357,096 | 9,127,720 | 9,357,096 | 9,127,720 |
| Interest | | 506,726 | 525,000 | 641,945 | 528,550 | 684,051 |
| Dividends | | 4,924,700 | 4,924,700 | 4,477,000 | - | - |
| Goods and services tax | | 71,964 | - | 128,377 | 71,964 | 128,377 |
| Income tax | | - | - | - | - | - |
| Other exchange transactions | | 4,636,293 | 5,522,592 | 4,687,733 | 53,298,556 | 55,371,777 |
| Other non-exchange transactions | | 5,577,337 | 5,340,742 | 5,575,321 | 5,577,337 | 5,575,220 |
| | | 25,074,116 | 25,670,130 | 24,638,096 | 68,833,503 | 70,887,145 |
| Cash was applied to: | | | | | | |
| Employees and suppliers | | 23,094,908 | 23,744,046 | 23,292,900 | 50,226,071 | 54,650,112 |
| Income tax | | 16,170 | - | 1,441 | 3,923,148 | 3,582,726 |
| Goods and services tax | | - | 50,000 | - | 32,723 | 127 |
| Interest | | - | - | - | 1,260,836 | 1,426,645 |
| | | 23,111,078 | 23,794,046 | 23,294,341 | 55,442,778 | 59,659,610 |
| Net cash flow from operating activities | 21 | 1,963,038 | 1,876,084 | 1,343,755 | 13,390,725 | 11,227,535 |
| Cash flow from investing activities | | | | | | |
| Cash was provided from: | | | | | | |
| Investments | | 1,859,129 | 3,500,000 | 1,075,639 | 1,859,129 | 1,075,639 |
| Proceeds from sale of property, plant and equipment | | 214,434 | 235,000 | 186,710 | 4,568,288 | 259,685 |
| | | 2,073,563 | 3,735,000 | 1,262,349 | 6,427,417 | 1,335,324 |
| Cash was applied to: | | | | | | |
| Investments | | - | - | - | - | - |
| Capitalised interest on property, plant and equipment | | - | - | - | 629,626 | 393,098 |
| Purchase of property, plant and equipment | | 4,548,088 | 5,402,400 | 3,690,739 | 23,067,244 | 22,861,052 |
| | | 4,548,088 | 5,402,400 | 3,690,739 | 23,696,870 | 23,254,150 |
| Net cash flow outflow from investing activities | | (2,474,525) | (1,667,400) | (2,428,390) | (17,269,453) | (21,918,826) |
| Cash flow from financing activities | | | | | | |
| Cash was provided from: | | | | | | |
| Loans | | - | - | - | 6,621,845 | 7,114,692 |
| | | - | - | - | 6,621,845 | 7,114,692 |
| Cash was applied to: | | | | | | |
| Loans | | - | - | - | 180,000 | - |
| | | - | - | - | 180,000 | - |
| Net cash outflow from financing activities | | - | - | - | 6,441,845 | 7,114,692 |
| Net increase/(decrease) in cash and cash equivalents | | (511,488) | 208,684 | (1,084,635) | 2,563,117 | (3,576,599) |
| Opening cash and cash equivalents | | 1,702,093 | 706,193 | 2,786,728 | 2,485,573 | 6,062,172 |
| Closing cash and cash equivalents | 8 | 1,190,605 | 914,877 | 1,702,093 | 5,048,690 | 2,485,573 |

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 2017. The financial statements were authorised for issue by Council on 18 September 2017.

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 *Summary of Accounting Policies*.

NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED

The Group has not elected to early adopt any new standards or interpretations that are issued but not yet effective as at 30 June 2017.

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 2017, 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: |
|---|--|---|
| 2016 Omnibus Amendments to PBE Standards. | 1 January 2017 | 30 June 2018 |
| Approved Budget (Amendments to PBE IPSAS 1). | 1 January 2017 | 30 June 2018 |
| Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26). | 1 January 2018 | 30 June 2019 |
| 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 |

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) | |
|------------------------|--|---------------------------------|-----------------------------------|--------------------|---|---------------------|
| | | | 2016/2017 % | 2015/2016 % | 2016/2017 \$ | 2015/2016 \$ |
| 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) | |
|--------------------------------|---|---------------------------------|-----------------------------------|--------------------|---|---------------------|
| | | | 2016/2017 % | 2015/2016 % | 2016/2017 \$ | 2015/2016 \$ |
| 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 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| The net operating surplus (deficit) was achieved after crediting: | | | | |
| Dividends | 4,924,700 | 4,477,000 | - | - |
| Gain on sale of property, plant and equipment | 150,271 | 160,022 | 150,271 | 193,305 |
| Gain on sale of investment properties | - | - | - | - |
| Unrealised gain on revaluation of investment properties | 1,204,500 | 848,000 | 1,204,500 | 848,000 |
| Rental revenue from investment properties | 861,412 | 858,115 | 817,030 | 813,733 |
| Interest – corporate bonds | 294,643 | 440,389 | 294,643 | 440,389 |
| Interest – cash and term deposits | 232,532 | 225,354 | 255,241 | 267,291 |
| Direct charges revenue from exchange transactions | | | | |
| Compliance monitoring charges | 2,774,618 | 2,580,618 | 2,765,287 | 2,562,465 |
| Resource consent applications | 746,496 | 878,397 | 746,405 | 874,969 |
| Other sales of goods and services | 420,293 | 436,922 | 420,293 | 436,922 |
| Total direct charges revenue from exchange transactions | 3,941,407 | 3,895,937 | 3,931,985 | 3,874,356 |
| Direct charges revenue from non-exchange transactions | | | | |
| Riparian plant sales | 977,944 | 1,083,281 | 977,944 | 1,083,281 |
| Bus fares | 891,750 | 877,833 | 891,750 | 877,833 |
| Pollution response | 454,678 | 636,948 | 454,678 | 636,847 |
| Civil defence recoveries | 412,914 | 376,780 | 412,914 | 376,780 |
| Resource consent condition charges | 120,164 | 89,008 | 120,164 | 89,008 |
| Waste minimisation recoveries | 96,989 | 63,082 | 96,989 | 63,082 |
| Other recoveries and sales of goods and services | 379,453 | 282,755 | 379,453 | 282,755 |
| Total direct charges revenue from non-exchange transactions | 3,333,892 | 3,409,687 | 3,333,892 | 3,409,586 |

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 or 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 only 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 struck 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 and funding: 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 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| The net operating surplus (deficit) was achieved after charging: | | | | |
| Employee benefits | 11,727,667 | 11,514,566 | 25,091,486 | 26,458,547 |
| Cost of services | 10,312,252 | 10,195,199 | 9,861,452 | 9,724,398 |
| General expenses | - | - | 3,778,283 | 4,009,119 |
| Finance costs | - | - | 1,254,056 | 1,434,032 |
| Repairs and maintenance | 335,740 | 662,410 | 4,069,782 | 5,172,844 |
| Directors' fees | - | - | 354,667 | 290,446 |
| Depreciation and amortisation | 1,351,061 | 1,326,752 | 9,364,194 | 8,933,907 |
| Loss on disposal of property, plant and equipment | 27,051 | 529,971 | 28,323 | 730,583 |
| Income tax expense | 1,727 | 9,329 | 4,265,973 | 3,439,217 |
| Change in the provision for doubtful debts | - | - | - | (8,000) |
| Net loss/(gain) on currency bank balances | - | - | 142,828 | 19,066 |
| Audit fees for financial statements | 117,598 | 114,580 | 198,144 | 192,950 |
| Minimum lease payments recognised as operating lease expense | - | - | 6,930 | 5,325 |
| Purchase of riparian plants (inventory) | 922,125 | 995,900 | 922,125 | 995,900 |

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

| | 2016/2017 Actual \$ |
|--|------------------------|
| Operating expenditure was less than budgeted: <i>In particular depreciation, external contractor expenses and riparian plant purchases were significantly less than budgeted.</i> | 568,285 |
| Direct charges were less than budgeted: <i>This is due to plant sales being significantly less than budgeted and a reduction in resource consents revenue.</i> | (132,105) |
| Government grants were less than budgeted: <i>Funding for the transport integrated ticketing project was not received due to a delay in the project at national level.</i> | (450,558) |
| Other investment revenue was more than budgeted: <i>This arises from higher than planned gain on sale of assets.</i> | 3,771 |
| Finance income was higher than budget: <i>Slightly higher returns received than anticipated from term investments.</i> | 2,175 |
| Unrealised gains on revaluation of investment properties was more than budgeted: <i>No allowance was made for an increase or decrease in values.</i> | 1,204,500 |
| Income tax expense was more than budgeted: <i>No allowance was made for an income tax expense.</i> | (1,727) |
| 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> | 120,881 |

The entire operating surplus is from continuing activities.

7. TAXATION

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Income tax recognised in the Statement of Comprehensive Revenue and Expense | | | | |
| Current tax expense | 1,727 | 9,329 | 2,942,831 | 3,682,712 |
| Deferred tax income on temporary differences prior period adjustment | - | - | 746,074 | - |
| Deferred tax income on temporary differences | - | - | 577,068 | (243,495) |
| Income tax expense per Statement of Comprehensive Revenue and Expense | 1,727 | 9,329 | 4,265,973 | 3,439,217 |
| Reconciliation of operating surplus before tax and income tax expense | | | | |
| Profit before taxation and subvention payment | 1,504,419 | 393,236 | 7,892,374 | 7,907,659 |
| Operating surplus/(deficit) before taxation | 1,504,419 | 393,236 | 7,892,374 | 7,907,659 |
| Income tax expense at 28% | 421,237 | 110,106 | 2,209,865 | 2,214,145 |
| Tax effect of non deductible expenses in operating surplus before taxation | - | - | 2,278 | 3,193 |
| Tax effect of non assessable income in operating surplus before taxation | 1,494,885 | 1,638,838 | 2,921,000 | 2,978,594 |
| Timing differences prior period | - | - | 746,074 | - |
| Timing differences current period | - | - | 291,082 | - |
| Prior period adjustments impacting income taxation expense | 767 | 1,441 | 10,836 | (15,659) |
| Imputation credit adjustment | (1,915,162) | (1,741,056) | (1,915,162) | (1,741,056) |
| Income taxation expense per Statement of Comprehensive Revenue and Expense | 1,727 | 9,329 | 4,265,973 | 3,439,217 |
| Taxation refundable/(payable) | | | | |
| Opening balance | (7,888) | - | (1,504,793) | (1,404,807) |
| Prior year tax paid/(refund) | 7,888 | 1,441 | 1,514,862 | 1,182,726 |
| Prior year adjustment | (767) | (1,441) | (10,836) | 222,082 |
| Current taxation payable | (960) | (7,888) | (2,931,995) | (3,904,794) |
| Provisional taxation paid | 8,282 | - | 2,408,286 | 2,400,000 |
| Taxation refundable/(payable) | 6,555 | (7,888) | (524,476) | (1,504,793) |
| Imputation credit account | | | | |
| Credits available for use in subsequent periods | - | - | 26,145,029 | 22,387,751 |
| Imputation credits available directly and indirectly to the Council, through Port Taranaki Ltd: | - | - | 26,145,029 | 22,387,751 |

DEFERRED TAX ASSET/LIABILITY

| | Depreciation/ Amortisation | Provisions/ Payables | Group Receivables/ Prepayments | Cash flow hedge reserve | Total |
|--|-------------------------------|-------------------------|--------------------------------------|----------------------------|------------------|
| Balance 30 June 2015 | (731,193) | 1,394,082 | 2,240 | - | 665,129 |
| Charged/(credited) to the Statement of Comprehensive Revenue and Expense | 540,065 | (294,330) | (2,240) | - | 243,495 |
| Balance 30 June 2016 | (191,128) | 1,099,752 | - | - | 908,624 |
| Reassessment adjustment* | (1,511,571) | 220,490 | - | 545,006 | (746,075) |
| Balance 1 July 2016 | (1,702,699) | 1,320,242 | - | 545,006 | 162,549 |
| Charged/(credited) to the Statement of Comprehensive Revenue and Expense | 49,342 | (432,932) | - | (193,478) | (577,068) |
| Balance 30 June 2017 | (1,653,357) | 887,310 | - | 351,528 | (414,519) |

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.

POLICIES

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only 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 no recognised deferred tax liability (2015/2016—\$nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. There is no income tax loss carried forward.

*In the current year, Port Taranaki Ltd reviewed the deferred tax calculation. As part of the reassessment, certain areas of judgement resulted in an adjustment to deferred tax in the current period.

8. CASH AND CASH EQUIVALENTS

| | Notes | Council | | Group | |
|-------------------------------------|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Bank | | 447,592 | 728,895 | 4,198,930 | 1,512,375 |
| Call deposits | | 743,013 | 973,198 | 849,760 | 973,198 |
| Total bank and call deposits | | 1,190,605 | 1,702,093 | 5,048,690 | 2,485,573 |

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 | |
|---|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Receivables from exchange transactions | | | | | |
| Trade receivables | | 1,230,663 | 863,235 | 5,231,993 | 5,633,583 |
| Provision for impairment | | - | - | - | - |
| Net trade receivables | | 1,230,663 | 863,235 | 5,231,993 | 5,633,583 |
| Other receivables | | - | - | 1,281,407 | 5,090,046 |
| Related party receivables | | - | - | - | - |
| Total receivables from exchange transactions | | 1,230,663 | 863,235 | 6,513,400 | 10,723,629 |
| Receivables from non-exchange transactions | | | | | |
| Trade receivables | | 1,761,702 | 2,022,147 | 1,761,702 | 2,022,147 |
| Provision for impairment | | - | - | - | - |
| Net trade receivables | | 1,761,702 | 2,022,147 | 1,761,702 | 2,022,147 |
| Other receivables | | - | - | - | - |
| Related party receivables | | - | - | - | - |
| Total receivables from non-exchange transactions | | 1,761,702 | 2,022,147 | 1,761,702 | 2,022,147 |

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 2015 | 1,969,509 | - | 6,019,316 | - | 1,369,880 | 726,775 | 68,859 | 269,274 |
| Cost/valuation | 1,969,509 | - | 9,247,251 | - | 3,042,879 | 4,590,781 | 620,920 | 2,721,041 |
| Accumulated depreciation | - | - | (3,227,935) | - | (1,672,999) | (3,864,006) | (552,061) | (2,451,767) |
| Additions | - | - | - | - | 472,970 | 178,488 | 19,054 | 154,613 |
| Transfers | - | - | 2,163,932 | - | - | 133,091 | - | - |
| Revaluations | - | - | - | - | - | - | - | - |
| Disposals | - | - | (526,904) | - | (26,688) | (3,028) | (39) | - |
| Depreciation | - | - | (255,289) | - | (551,468) | (266,692) | (15,842) | (109,714) |
| Carrying amount 30 June 2016 | 1,969,509 | - | 7,401,055 | - | 1,264,694 | 768,634 | 72,032 | 314,173 |
| Cost/valuation | 1,969,509 | - | 10,757,249 | - | 3,022,261 | 4,877,466 | 638,770 | 2,875,654 |
| Accumulated depreciation | - | - | (3,356,194) | - | (1,757,567) | (4,108,832) | (566,738) | (2,561,481) |
| Additions | 173,000 | - | 228,000 | - | 747,507 | 148,051 | 8,248 | 132,314 |
| Transfers | - | - | 504,920 | - | - | 258,920 | 52,718 | 18,492 |
| Revaluations | - | - | - | - | - | - | - | - |
| Disposals | - | - | (10,143) | - | (64,793) | (9,022) | - | (5,925) |
| Depreciation | - | - | (286,104) | - | (544,249) | (247,732) | (17,631) | (124,768) |
| Carrying amount 30 June 2017 | 2,142,509 | - | 7,837,728 | - | 1,403,159 | 918,851 | 115,367 | 334,285 |
| Cost/valuation | 2,142,509 | - | 11,477,904 | - | 3,704,975 | 5,275,415 | 678,673 | 3,007,192 |
| Accumulated depreciation | - | - | (3,640,176) | - | (2,301,816) | (4,356,564) | (563,306) | (2,672,907) |

| Council | Maintenance dredging | Port installation | Floating plant | Capital dredging | Bulk tanks | Work in progress | Flood and river control | Total |
|-------------------------------------|----------------------|-------------------|----------------|------------------|------------|------------------|-------------------------|-------------------|
| Carrying amount 1 July 2015 | - | - | - | - | - | 4,375,000 | 8,361,443 | 23,160,056 |
| Cost/valuation | - | - | - | - | - | 4,375,000 | 8,361,443 | 34,928,824 |
| Accumulated depreciation | - | - | - | - | - | - | - | (11,768,768) |
| Additions | - | - | - | - | - | 2,510,615 | - | 3,335,740 |
| Transfers | - | - | - | - | - | (2,297,023) | - | - |
| Revaluations | - | - | - | - | - | - | 578,913 | 578,913 |
| Disposals | - | - | - | - | - | - | - | (556,659) |
| Depreciation | - | - | - | - | - | - | - | (1,199,005) |
| Carrying amount 30 June 2016 | - | - | - | - | - | 4,588,592 | 8,940,356 | 25,319,045 |
| Cost/valuation | - | - | - | - | - | 4,588,592 | 8,940,356 | 37,669,857 |
| Accumulated depreciation | - | - | - | - | - | - | - | (12,350,812) |
| Additions | - | - | - | - | - | 3,275,914 | - | 4,713,033 |
| Transfers | - | - | - | - | - | (4,672,691) | 3,452,483 | (385,158) |
| Revaluations | - | - | - | - | - | - | 120,881 | 120,881 |
| Disposals | - | - | - | - | - | - | - | (89,884) |
| Depreciation | - | - | - | - | - | - | - | (1,220,483) |
| Carrying amount 30 June 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) |

| 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 2015 | 1,969,509 | 76,433,000 | 18,910,697 | 25,282,294 | 1,369,880 | 10,387,406 | 68,859 | 269,274 |
| Cost/valuation | 1,969,509 | 76,433,000 | 35,364,650 | 25,999,241 | 3,042,879 | 32,369,746 | 637,350 | 2,721,041 |
| Accumulated depreciation | - | - | (16,453,953) | (716,947) | (1,672,999) | (21,982,340) | (568,491) | (2,451,767) |
| Additions | - | 4,934,500 | 4,203,059 | 235,996 | 472,970 | 2,843,658 | 19,054 | 154,613 |
| Transfers | - | - | 2,163,932 | - | - | 133,091 | - | - |
| Revaluations | - | 8,805,625 | - | - | - | - | - | - |
| Disposals | - | - | (527,941) | (200,612) | (26,688) | (266,831) | (39) | - |
| Depreciation | - | - | (1,220,852) | (599,761) | (551,468) | (1,783,584) | (15,842) | (109,714) |
| Carrying amount 30 June 2016 | 1,969,509 | 90,173,125 | 23,528,895 | 24,717,917 | 1,264,694 | 11,313,740 | 72,032 | 314,173 |
| Cost/valuation | 1,969,509 | 90,173,125 | 41,020,591 | 26,034,626 | 3,022,261 | 35,057,797 | 655,200 | 2,875,654 |
| Accumulated depreciation | - | - | (17,491,695) | (1,316,709) | (1,757,567) | (23,744,057) | (583,168) | (2,561,481) |
| Additions | 173,000 | - | 2,546,374 | 1,355,540 | 747,507 | 2,638,348 | 8,248 | 132,314 |
| Transfers | - | - | 501,425 | - | - | 154,933 | 52,718 | 18,492 |
| Revaluations | - | 750,000 | - | 684,835 | - | - | - | - |
| Disposals | - | - | (25,415) | - | (64,793) | (12,903) | - | (5,925) |
| Depreciation | - | - | (1,319,671) | (604,494) | (544,249) | (2,148,171) | (17,631) | (124,768) |
| Carrying amount 30 June 2017 | 2,142,509 | 90,923,125 | 25,231,609 | 26,153,798 | 1,403,159 | 11,945,947 | 115,367 | 334,286 |
| Cost/valuation | 2,142,509 | 90,923,125 | 44,042,975 | 27,126,691 | 3,704,975 | 37,838,175 | 716,166 | 3,020,535 |
| Accumulated depreciation | - | - | (18,811,366) | (972,893) | (2,301,816) | (25,892,228) | (600,799) | (2,686,249) |

| Group | Maintenance dredging | Port installation | Floating plant | Capital dredging | Bulk tanks | Work in progress | Flood and river control | Total |
|-------------------------------------|----------------------|-------------------|------------------|-------------------|----------------|-------------------|-------------------------|--------------------|
| Carrying amount 1 July 2015 | 1,807,148 | 15,993,867 | 9,684,600 | 18,860,616 | 791,666 | 16,501,633 | 8,361,443 | 206,691,892 |
| Cost/valuation | 2,125,098 | 44,887,059 | 17,535,006 | 22,563,001 | 999,999 | 16,501,633 | 8,361,443 | 291,510,655 |
| Accumulated depreciation | (317,950) | (28,893,192) | (7,850,406) | (3,702,385) | (208,333) | - | - | (84,818,763) |
| Additions | - | 1,906,416 | 51,774 | - | 159,734 | 12,649,384 | - | 27,631,158 |
| Transfers | - | - | - | - | - | (16,100,168) | - | (13,803,145) |
| Revaluations | - | - | - | - | - | - | 578,913 | 9,384,538 |
| Disposals | - | (53,101) | - | - | - | - | - | (1,075,212) |
| Depreciation | (990,000) | (1,533,540) | (917,083) | (451,260) | (115,973) | - | - | (8,289,077) |
| Carrying amount 30 June 2016 | 817,148 | 16,313,642 | 8,819,291 | 18,409,356 | 835,427 | 13,050,849 | 8,940,356 | 220,540,154 |
| Cost/valuation | 2,125,099 | 46,799,511 | 17,586,780 | 22,563,001 | 1,159,733 | 13,050,849 | 8,940,356 | 313,031,035 |
| Accumulated depreciation | (1,307,951) | (30,485,869) | (8,767,489) | (4,153,645) | (324,306) | - | - | (92,490,881) |
| Additions | 2,493,770 | 1,313,293 | 142,615 | - | 92,500 | 20,960,861 | - | 32,604,370 |
| Transfers | - | 107,482 | - | - | - | (13,654,920) | 3,452,483 | (9,367,387) |
| Revaluations | - | - | - | - | - | - | 120,881 | 1,555,716 |
| Disposals | - | - | - | - | - | - | - | (109,036) |
| Depreciation | (1,055,799) | (1,663,570) | (917,081) | (451,260) | (125,224) | - | - | (8,971,916) |
| Carrying amount 30 June 2017 | 2,255,119 | 16,070,848 | 8,044,825 | 17,958,096 | 802,703 | 20,356,790 | 12,513,720 | 236,251,901 |
| Cost/valuation | 4,618,869 | 48,220,287 | 17,729,395 | 22,563,001 | 1,252,233 | 20,356,790 | 12,513,720 | 336,769,446 |
| Accumulated depreciation | (2,363,750) | (32,149,439) | (9,684,570) | (4,604,905) | (449,530) | - | - | (100,517,545) |

| | Council | |
|--|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Group buildings revaluation reconciliation | | |
| Cost at 30 June previous year | 26,034,626 | 25,999,242 |
| Additions | 1,355,540 | 235,996 |
| Disposals | - | (200,612) |
| Allocation of revaluation | (263,475) | - |
| Buildings cost at 30 June | 27,126,691 | 26,034,626 |
| Accumulated depreciation at 30 June previous year | (1,316,709) | (716,947) |
| Depreciation | (604,494) | (599,762) |
| Allocation of revaluation | 948,310 | - |
| Buildings accumulated depreciation at 30 June | (972,893) | (1,316,709) |
| Total buildings revaluation | 684,835 | - |

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. Land and buildings are measured at fair value, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation. The fair value of land and buildings is their market value as determined by a registered valuer.

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 | 3 to 5 yrs | 20 to 33% |
| Port installations | 5 to 66 yrs | 0.67 to 20% |
| Floating plant | 3 to 25 yrs | 4 to 33% |
| Resource consents | 25 yrs | 4% |
| Maintenance dredging | 2 yrs | 50% |
| Capital dredging | 50 yrs | 2% |
| Bulk tanks | 5 to 25 yrs | 4 to 20% |

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.

POLICIES

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.

NOTES

The Waitara River Flood Protection Scheme assets, Okato River Flood Protection Scheme assets and the Waiwhakaihō River Flood Protection Scheme assets were independently valued at 30 June 2017 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 \$12,513,720 (2015/2016 - \$8,940,356). The carrying amount of land had it been recognised under the cost model is \$2,825,194 (2015/2016 - \$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 last revalued at 30 June 2016 by Mr Ian Baker, a registered valuer with Telfer Young (Taranaki) Ltd, New Plymouth. Telfer Young have been contracted by Port Taranaki as independent valuers. The carrying amount of land had it been recognised under the cost model is \$30,020,697 (\$30,020,697-2015/2016). 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 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.

11. INTANGIBLE ASSETS

| Council | Computer software | Total |
|-------------------------------------|--------------------------|----------------|
| Carrying amount 1 July 2015 | 288,071 | 288,071 |
| Cost/valuation | 2,553,136 | 2,553,136 |
| Accumulated depreciation | (2,265,065) | (2,265,065) |
| Additions | 34,367 | 34,367 |
| Amortisation | (127,748) | (127,748) |
| Carrying amount 30 June 2016 | 194,690 | 194,690 |
| Cost/valuation | 2,353,843 | 2,353,843 |
| Accumulated depreciation | (2,159,153) | (2,159,153) |
| Additions | 40,000 | 40,000 |
| Transfers | 385,158 | 385,158 |
| Disposals | (1,329) | (1,329) |
| Amortisation | (130,577) | (130,577) |
| 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) |

| Group | Computer software | Total |
|-------------------------------------|--------------------------|------------------|
| Carrying amount 1 July 2015 | 1,064,252 | 1,064,252 |
| Cost/valuation | 7,939,901 | 7,939,901 |
| Accumulated depreciation | (6,875,649) | (6,875,649) |
| Additions | 231,930 | 231,930 |
| Amortisation | (366,580) | (366,580) |
| Carrying amount 30 June 2016 | 929,602 | 929,602 |
| Cost/valuation | 6,652,974 | 6,652,974 |
| Accumulated depreciation | (5,723,372) | (5,723,372) |
| Additions | 216,559 | 216,559 |
| Transfers | 385,158 | 385,158 |
| Disposals | (1,329) | (1,329) |
| Amortisation | (377,005) | (377,005) |
| 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) |

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 2 to 5 yrs 20 to 50%

12. INVENTORIES

| | Notes | Council | | Group | |
|--------------------------|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Plant materials | | 41,763 | 46,061 | 41,763 | 46,061 |
| Maintenance consumables | | - | - | 618,737 | 613,942 |
| Total inventories | | 41,763 | 46,061 | 660,500 | 660,003 |

POLICIES

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

13. INVESTMENTS

| | Notes | Council | | Group | |
|--|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Current portion of investments | | | | | |
| Term deposits | | 6,307,804 | 5,043,299 | 6,307,804 | 5,043,299 |
| Treasury investments - corporate bonds/notes | | 1,539,237 | 4,621,507 | 1,539,237 | 4,621,507 |
| Total current portion of investments | | 7,847,041 | 9,664,806 | 7,847,041 | 9,664,806 |
| Non current investments | | | | | |
| Term deposits | | 1,500,000 | - | 1,500,000 | - |
| Treasury investments - corporate bonds/notes | | 1,000,000 | 2,541,363 | 1,000,000 | 2,541,363 |
| 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 | | 29,299,118 | 29,340,481 | 3,299,118 | 3,340,481 |
| Total investments | | 37,146,159 | 39,005,287 | 11,146,159 | 13,005,287 |
| Term deposit maturity dates and effective interest rates | | | | | |
| Term deposits maturing in less than 1 year | | 6,307,804 | 5,043,299 | 6,307,804 | 5,043,299 |
| Weighted average effective interest rate | | 3.14% | 3.52% | 3.14% | 3.52% |
| Term deposits maturing in 1 to 2 years | | 1,500,000 | - | 1,500,000 | - |
| Weighted average effective interest rate | | 4.00% | - | 4.00% | - |
| Corporate bonds/notes maturity dates and effective interest rates | | | | | |
| Corporate bonds maturing in less than 1 year | | 1,539,237 | 4,621,507 | 1,539,237 | 4,621,507 |
| Weighted average effective interest rate | | 6.54% | 6.33% | 6.54% | 6.33% |
| Corporate bonds maturing in 1 to 2 years | | - | 1,541,363 | - | 1,541,363 |
| Weighted average effective interest rate | | - | 6.54% | - | 6.54% |
| Corporate bonds maturing in 2 to 3 years | | - | - | - | - |
| Weighted average effective interest rate | | - | - | - | - |
| Corporate bonds maturing in 3 to 4 years | | - | - | - | - |
| Weighted average effective interest rate | | - | - | - | - |

| Notes | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| 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 | 2,539,237 | 7,162,870 | 2,539,237 | 7,162,870 |
| Corporate bonds/notes market value | 2,595,464 | 7,346,141 | 2,595,464 | 7,346,141 |

POLICIES

The consolidated financial statements comprise the financial statements of the Council and its controlled entities (the Group) as at 30 June 2017. Controlled entities are all those entities over which the Council (the controlling entity) 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 separate 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 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Balance 1 July | 15,465,000 | 14,617,000 | 15,465,000 | 14,617,000 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Fair value gains/(losses) on valuation | 1,204,500 | 848,000 | 1,204,500 | 848,000 |
| Balance 30 June | 16,669,500 | 15,465,000 | 16,669,500 | 15,465,000 |
| Comprising: | | | | |
| Current assets | - | 205,000 | - | 205,000 |
| Non current assets | 16,669,500 | 15,260,000 | 16,669,500 | 15,260,000 |
| Total investment property | 16,669,500 | 15,465,000 | 16,669,500 | 15,465,000 |
| Reconciliation of net surplus on investment properties | | | | |
| Rental income derived from investment properties | 861,412 | 858,115 | 817,030 | 813,733 |
| Direct operating expenses (including repairs and maintenance) generating rental income | 1,870 | 4,517 | 1,870 | 4,517 |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales) | - | - | - | - |
| Surplus arising from investment properties carried at fair value | 859,542 | 853,598 | 815,160 | 809,216 |

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 2017 was \$16,669,500 (2015/2016—\$15,465,000).

15. PAYABLES

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Payables from exchange transactions | | | | |
| Trade payables under exchange transactions | 2,342,838 | 1,697,764 | 8,043,007 | 6,197,702 |
| Accrued pay | 444,754 | 348,218 | 785,526 | 985,107 |
| Total payables from exchange transactions | 2,787,592 | 2,045,982 | 8,828,533 | 7,182,809 |
| Comprising: | | | | |
| Current liabilities | 2,787,592 | 2,045,982 | 8,828,533 | 7,182,809 |
| Non current liabilities | - | - | - | - |
| Total payables from exchange transactions | 2,787,592 | 2,045,982 | 8,828,533 | 7,182,809 |
| Payables from non-exchange transactions | | | | |
| Trade payables under non-exchange transactions | 338,313 | 410,142 | 338,313 | 410,142 |
| Total payables from non-exchange transactions | 338,313 | 410,142 | 338,313 | 410,142 |
| Comprising: | | | | |
| Current liabilities | 338,313 | 410,142 | 338,313 | 410,142 |
| Non current liabilities | - | - | - | - |
| Total payables from non-exchange transactions | 338,313 | 410,142 | 338,313 | 410,142 |

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 | |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Holiday leave | 752,685 | 740,768 | 1,714,787 | 1,844,913 |
| Sick leave | 201,600 | 244,000 | 261,600 | 304,000 |
| Long service leave | 373,900 | 417,000 | 605,308 | 693,959 |
| Retirement gratuities | 485,000 | 483,000 | 1,217,000 | 1,283,000 |
| Total employee entitlements | 1,813,185 | 1,884,768 | 3,798,695 | 4,125,872 |
| Comprising: | | | | |
| Current liabilities | 1,061,185 | 1,030,768 | 2,288,695 | 2,440,872 |
| Non current liabilities | 752,000 | 854,000 | 1,510,000 | 1,685,000 |
| Total employee entitlements | 1,813,185 | 1,884,768 | 3,798,695 | 4,125,872 |

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 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Current liabilities | | | | |
| Secured loans - Westpac | - | - | - | 30,862 |
| Secured loans - ASB | - | - | 14,094 | - |
| Secured loans - TSB Bank | - | - | 1,780,263 | 1,960,263 |
| Total current liability borrowings | - | - | 1,794,357 | 1,991,125 |
| Weighted average interest rate | | | 2.96% | 3.43% |
| Non current liabilities | | | | |
| Secured loans - Westpac | - | - | - | 35,200,000 |
| Secured loans - ASB | - | - | 41,800,000 | - |
| Deferred Loan Facility Fee | - | - | 15,822 | (21,845) |
| Total non current liability borrowings | - | - | 41,815,822 | 35,178,155 |
| Weighted average interest rate | - | - | 3.03% | 3.18% |

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. The Council and Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

NOTES

The non current loans are due within 4 years. The secured loans are obtained under a \$55m (2015/2016—\$50m) funding facility provided by ASB Bank Limited (2016: Westpac Banking Corporation). As at 30 June 2017, \$13.2m (2015/2016—\$14.8m) 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. 2017: As at 1 December 2017 the Company terminated banking arrangements with Westpac Banking Corporation and commenced banking arrangements with ASB Bank Limited with security by way of a negative pledge. 2016: The sole security interest, fixed charge and agreement to mortgage was to Westpac Banking Corporation for a priority amount of \$80 million. The security interest was in Port Taranaki's personal property (present and after acquired) and the fixed charge and agreement to mortgage is granted over other property (present and future rights). Other property is defined as any other land or assets not deemed personal property. Personal property can be considered to be any property other than land. The weighted average interest rate is based on the applicable fixed rates and floating rates as at balance date. The weighted average interest rate for the current liability in 2017 is 3.03% (2016: 3.18%) as this is solely interest payable.

The Taranaki Stadium Trust TSB Bank Liberty Revolving credit facility has a draw down limit of \$3,000,000 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 2.96% pa, being the 90 day mid Bank bill rate plus a 1.00% margin.

18. PUBLIC EQUITY

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Retained earnings | | | | |
| Opening balance | 64,710,209 | 63,668,519 | 141,032,561 | 135,824,157 |
| Operating surplus/(deficit) | 1,502,692 | 383,907 | 3,626,401 | 4,468,442 |
| Transfers from asset revaluation reserves | - | - | - | 82,179 |
| Transfers to reserves | (60,232) | (128,408) | (60,232) | (128,408) |
| Transfers from reserves | 175,027 | 786,191 | 175,027 | 786,191 |
| Closing balance | 66,327,696 | 64,710,209 | 144,773,757 | 141,032,561 |
| Reserves | | | | |
| Opening balance | 11,244,278 | 11,902,061 | 11,244,278 | 11,902,061 |
| Transfers from retained earnings | 60,232 | 128,408 | 60,232 | 128,408 |
| Transfers to retained earnings | (175,027) | (786,191) | (175,027) | (786,191) |
| Closing balance | 11,129,483 | 11,244,278 | 11,129,483 | 11,244,278 |
| <i>North Taranaki/Waitara River Control Scheme reserve</i> | | | | |
| Opening balance | 1,060,916 | 1,334,135 | 1,060,916 | 1,334,135 |
| Transfers from retained earnings | 54,681 | 70,442 | 54,681 | 70,442 |
| Transfers to retained earnings | (19,027) | (343,661) | (19,027) | (343,661) |
| Closing balance | 1,096,571 | 1,060,916 | 1,096,571 | 1,060,916 |

The Council strikes a targeted rate based on capital values over the New Plymouth District for purposes of:

- 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.

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 *Hazard management* group of activities.

| | Council | | Group | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| <i>Contingency/disaster reserve</i> | | | | |
| Opening balance | 1,086,000 | 1,481,000 | 1,086,000 | 1,481,000 |
| Transfers from retained earnings | - | - | - | - |
| Transfers to retained earnings | - | (395,000) | - | (395,000) |
| Closing balance | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 |

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 National Civil Defence Plan 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 *Resource management* and the *Hazard management* groups of activities.

| | Council | | Group | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| <i>Dividend equalisation reserve</i> | | | | |
| Opening balance | 6,395,766 | 6,395,766 | 6,395,766 | 6,395,766 |
| Transfers from retained earnings | - | - | - | - |
| Transfers to retained earnings | - | - | - | - |
| Closing balance | 6,395,766 | 6,395,766 | 6,395,766 | 6,395,766 |

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.

| | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| <i>Passenger transport targeted rate reserve (New Plymouth/North Taranaki)</i> | | | | |
| Opening balance | 117,596 | 150,880 | 117,596 | 150,880 |
| Transfers from retained earnings | 5,551 | 7,966 | 5,551 | 7,966 |
| Transfers to retained earnings | (40,000) | (41,250) | (40,000) | (41,250) |
| Closing balance | 83,146 | 117,596 | 83,146 | 117,596 |

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 *Transport* group of activities.

| | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| <i>Passenger transport targeted rate reserve (Stratford)</i> | | | | |
| Opening balance | - | 3,140 | - | 3,140 |
| Transfers from retained earnings | - | - | - | - |
| Transfers to retained earnings | - | (3,140) | - | (3,140) |
| Closing balance | - | - | - | - |

The Council strikes a targeted rate based on capital values over the Stratford 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 *Transport* group of activities.

| | Council | | Group | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| <i>Passenger transport targeted rate reserve (South Taranaki)</i> | | | | |
| Opening balance | - | 3,140 | - | 3,140 |
| Transfers from retained earnings | - | - | - | - |
| Transfers to retained earnings | - | (3,140) | - | (3,140) |
| Closing balance | - | - | - | - |

The Council strikes a targeted rate based on capital values over the South Taranaki 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 *Transport* group of activities.

| | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| <i>Egmont national park control reserve</i> | | | | |
| Opening balance | 414,000 | 364,000 | 414,000 | 364,000 |
| Transfers from retained earnings | - | 50,000 | - | 50,000 |
| Transfers to retained earnings | (116,000) | - | (116,000) | - |
| Closing balance | 298,000 | 414,000 | 298,000 | 414,000 |
| 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. | | | | |
| <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 |
| 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. | | | | |
| Total reserves | | | | |
| | 11,129,483 | 11,244,278 | 11,129,483 | 11,244,278 |
| <i>Asset revaluation reserves</i> | | | | |
| Opening balance | 4,302,145 | 3,723,232 | 64,058,138 | 54,755,778 |
| Transfer to retained earnings on asset disposal | - | - | - | (82,179) |
| Change in asset value | 120,881 | 578,913 | 1,555,716 | 9,384,539 |
| Closing balance | 4,423,026 | 4,302,145 | 65,613,854 | 64,058,138 |
| <i>Waitara flood control scheme</i> | | | | |
| Opening balance | 2,934,373 | 2,544,660 | 2,934,373 | 2,544,660 |
| Change in asset value | 9,731 | 389,713 | 9,731 | 389,713 |
| Closing balance | 2,944,104 | 2,934,373 | 2,944,104 | 2,934,373 |
| <i>Waiwhakaiho flood control scheme</i> | | | | |
| Opening balance | 1,315,872 | 1,161,772 | 1,315,872 | 1,161,772 |
| Change in asset value | 108,150 | 154,100 | 108,150 | 154,100 |
| Closing balance | 1,424,022 | 1,315,872 | 1,424,022 | 1,315,872 |
| <i>Okato flood control scheme</i> | | | | |
| Opening balance | 51,900 | 16,800 | 51,900 | 16,800 |
| Change in asset value | 3,000 | 35,100 | 3,000 | 35,100 |
| Closing balance | 54,900 | 51,900 | 54,900 | 51,900 |
| <i>Land</i> | | | | |
| Opening balance | - | - | 58,002,428 | 49,196,802 |
| Change in asset value | - | - | 750,000 | 8,805,626 |
| Closing balance | - | - | 58,752,428 | 58,002,428 |
| <i>Buildings</i> | | | | |
| Opening balance | - | - | 1,753,565 | 1,835,744 |
| Transfer to retained earnings on asset disposal | - | - | - | (82,179) |
| Change in asset value | - | - | 684,835 | - |
| Closing balance | - | - | 2,438,400 | 1,753,565 |
| Total asset revaluation reserves | | | | |
| | 4,423,026 | 4,302,145 | 65,613,854 | 64,058,138 |
| <i>Cash flow hedge reserve</i> | | | | |
| Opening balance | - | - | (1,946,451) | (505,785) |
| Change in cash flow hedge reserve | - | - | 690,995 | (1,440,666) |
| Total cash flow hedge reserve | - | - | (1,255,456) | (1,946,451) |
| Total public equity | 81,880,205 | 80,256,632 | 220,261,638 | 214,388,526 |

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 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 | |
|---|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Total remuneration of Members | | |
| Councillor M J Cloke | 44,289 | 47,436 |
| Councillor M G Davey | 39,565 | 37,344 |
| Councillor P D Horton—until October 2016 | 12,016 | 37,835 |
| Councillor M A Irving—until October 2016 | 11,732 | 37,127 |
| Councillor B R Jeffares—until October 2016 | 14,078 | 44,552 |
| Councillor M P Joyce | 45,638 | 42,224 |
| Councillor D L Lean—Deputy Chairman | 59,230 | 53,503 |
| Councillor C L Littlewood—from October 2016 | 27,593 | - |
| Councillor D N MacLeod—Chairman | 100,826 | 98,124 |
| Councillor R F H Maxwell—until October 2016 | 12,298 | 44,416 |
| Councillor M J McDonald—from October 2016 | 27,258 | - |
| Councillor D H McIntyre—from October 2016 | 27,323 | - |
| Councillor B K Raine—from October 2016 | 27,643 | - |
| Councillor N W Walker | 55,311 | 49,092 |
| Councillor C S Williamson | 48,047 | 39,827 |
| Number of full-time employees | 119 | 122 |
| Full-time equivalent of all other employees | 21 | 18 |
| Number of employees receiving total annual remuneration below \$60,000 | 65 | 72 |
| Number of employees receiving total annual remuneration between \$60,000 and \$79,999 | 57 | 54 |
| Number of employees receiving total annual remuneration between \$80,000 and \$99,999 | 12 | 14 |
| Number of employees receiving total annual remuneration between \$100,000 and \$119,999 | 7 | 7 |
| Number of employees receiving total annual remuneration between \$120,000 and \$139,999 | 6 | - |
| Number of employees receiving total annual remuneration between \$120,000 and \$359,999 | - | 8 |
| Number of employees receiving total annual remuneration between \$140,000 and \$359,999 | 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 \$326,957 (\$317,640—2015/2016). 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 \$359,100 (\$350,000).

During the year ended 30 June 2017, the Council made one severance payment of \$5,000 (one payment of \$10,000 – 2015/2016).

20. SUBSEQUENT EVENTS

NOTES

For the Council, there have been no material events subsequent to balance date. 2016: Nil. For the Port, there have been no material events subsequent to balance date. 2016: On the 18 August 2016 Port Taranaki Ltd entered into a contract for Maintenance Dredging. Under this contract the company has guaranteed dredging of \$2.04 million per campaign (i.e. biannually). The contract commences October 2017, and the first campaign under this contract would be in February/March 2019. There are five campaigns during the contract for a total guaranteed value of \$10.2m. For the Trust, the Trust increased its debt facility to \$5m in August 2017 (TSB Bank Liberty Revolving credit facility) to fund capital projects commenced in the 2016/2017 financial year and due to be completed in 2017/2018. 2016: Nil.

21. RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

| | Notes | Council | | Group | |
|---|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Surplus/(deficit) for the period | | 1,502,692 | 383,907 | 3,626,401 | 4,468,442 |
| <i>Add/(less) non-cash items</i> | | | | | |
| Depreciation and amortisation | | 1,351,061 | 1,326,752 | 9,364,194 | 8,933,907 |
| Deferred tax movement | | - | - | 1,323,142 | (243,495) |
| Investment property: unrealised (gain)/loss | | (1,204,500) | (848,000) | (1,204,500) | (848,000) |
| | | 1,649,253 | 862,659 | 13,109,237 | 12,310,854 |
| <i>Add/(less) movements in assets and liabilities</i> | | | | | |
| Trade and other receivables | | (106,985) | (119,693) | 5,145,845 | (1,123,484) |
| Taxation refundable | | (6,555) | - | (6,555) | - |
| Prepayments | | (2,172) | (75,455) | (2,172) | (75,455) |
| Inventories | | 4,298 | 225,019 | (497) | 279,749 |
| Derivative financial instruments | | - | - | (690,995) | 1,440,666 |
| Work in progress—current liability | | 18,753 | (128,991) | 18,753 | (128,991) |
| Work in progress—current asset | | 144,301 | (1,857) | 144,301 | (1,857) |
| Trade and other payables | | 669,782 | (284,065) | 903,848 | (3,060,788) |
| Employee entitlements | | (71,583) | 167,668 | (327,177) | (291,929) |
| Taxation payable | | (7,888) | 7,888 | (3,914,866) | 99,986 |
| <i>Add/(less) investing activity items</i> | | | | | |
| (Profit)/loss on sale of assets (net) | | (123,221) | 369,949 | (121,949) | 537,278 |
| (Profit)/loss on sale of investment property (net) | | - | - | - | - |
| Movement in fixed asset creditors | | (204,945) | 320,633 | (867,048) | 1,241,506 |
| Movement in investment creditors | | - | - | - | - |
| Cash inflow from operating activities | | 1,963,038 | 1,343,755 | 13,390,725 | 11,227,535 |

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 | |
|--|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Councillors total remuneration (11 people, 3 FTE) | | 552,847 | 531,482 | 552,847 | 531,482 |
| Council senior management total remuneration (5 FTE) | | 1,202,012 | 1,171,365 | 1,202,012 | 1,171,365 |
| Port Directors total remuneration (1 FTE) | | - | - | 354,667 | 290,446 |
| Port senior management total remuneration (5 FTE) | | - | - | 1,587,665 | 1,975,193 |

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), Councillor Peter Horton (until October 2016) and Councillor Charlotte Littlewood (from October 2016) are Directors of Port Taranaki Ltd, Councillor Craig Williamson (until October 2016), Councillor Michael Davey (from October 2016) 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 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Commitments | | | | |
| Capital commitments approved and contracted | 327,768 | 1,938,187 | 8,736,914 | 8,929,369 |
| Total commitments | 327,768 | 1,938,187 | 8,736,914 | 8,929,369 |
| Non cancellable operating lease commitments | | | | |
| Lease commitments due as follows: | | | | |
| Within 1 year | - | - | 12,096 | - |
| Between 1-5 years | - | - | 27,812 | - |
| Greater than 5 years | - | - | - | - |
| Total operating lease commitments | - | - | 39,908 | - |
| Lease payments under operating leases recognised as an expense during the year. | - | - | 6,984 | 5,325 |

NOTES

The Taranaki Regional Council has no known contingent liabilities as at 30 June 2017 (Nil—2015/2016).

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. 2016: the Council has a contingent asset for fines waiting to be awarded on four prosecutions through the Environment Court. In August 2016 the fines awarded in favour of the Council on these prosecutions totalled \$153,000.

24. LEASING ARRANGEMENTS

| Notes | Council | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Non-cancellable operating lease receivables | | | | |
| Lease commitments due as follows: | | | | |
| Not later than one year | 810,138 | 815,123 | 765,756 | 770,741 |
| Later than one year and not later than five years | 2,294,591 | 2,571,703 | 2,117,063 | 2,394,175 |
| Later than five years | 1,418,966 | 1,683,588 | 1,315,408 | 1,535,648 |

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 2016/2017 there were no breaches of statutory compliance by the Group (2015/2016—Port Taranaki Ltd had one breach of statutory compliance relating to the notification of a new director to the NZ Companies Office within 20 business days of appointment. This breach has since been rectified).

26. RATING BASE INFORMATION

| | Council | |
|--|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| The number of rating units within the region at the end of the preceding financial year | 54,804 | 55,415 |
| The total capital value of rating units within the region at the end of the preceding financial year | 29,855,286,440 | 29,768,928,140 |
| The total land value of rating units within the region at the end of the preceding financial year | 17,659,663,390 | 17,678,587,590 |

27. INSURANCE OF ASSETS

| | Council | |
|--|------------------------|------------------------|
| | 2016/2017 Actual \$ | 2015/2016 Actual \$ |
| Total value of all assets of the local authority that are covered by insurance contracts | 14,174,675 | 11,210,577 |
| Maximum amount to which they are insured | 40,447,559 | 36,677,394 |
| 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) | 12,628,191 | 12,333,650 |
| Total value of funds maintained for self-insured assets (only flood protection and control works) | 1,086,000 | 1,086,000 |

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:

| | 2016/2017 Estimated fair value \$ | 2016/2017 Amortised cost \$ | 2016/2017 Fair value \$ | 2015/2016 Estimated fair value \$ | 2015/2016 Amortised cost \$ | 2015/2016 Fair value \$ |
|--|--|-----------------------------------|-------------------------------|--|-----------------------------------|-------------------------------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 5,048,690 | 5,048,690 | - | 2,485,573 | 2,485,573 | - |
| Term deposits | 7,807,804 | 7,807,804 | - | 5,043,299 | 5,043,299 | - |
| Trade and other receivables | 8,275,102 | 8,275,102 | - | 12,745,776 | 12,745,776 | - |
| Held to maturity corporate bonds/notes | 2,595,464 | 2,539,237 | - | 7,346,141 | 7,162,870 | - |
| Financial liabilities | | | | | | |
| Trade and other payables | 9,166,846 | 9,166,846 | - | 7,592,951 | 7,592,951 | - |
| Employee entitlements | 3,798,695 | 3,798,695 | - | 4,125,872 | 4,125,872 | - |
| Interest bearing loans | 43,599,701 | 43,610,179 | - | 35,415,595 | 37,169,280 | - |
| Derivative financial instruments | 1,255,456 | - | 1,255,456 | 1,946,451 | - | 1,946,451 |

FAIR VALUE

The Group has carried out a fair value assessment of its financial assets and liabilities as at 30 June 2017 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 2017. 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 2017 are as follows (30 June 2016 comparative figures are in brackets):

- Effective commencement date: 24 June 2013 (24 June 2013)
- Rate: 3.86% (3.86%)
- 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. |

The Group manages its capital to ensure it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The carrying amount of financial instruments recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of any collateral obtained.

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities. As the amounts included in the table are contractual undiscounted cash flows these amounts will not reconcile to the amounts disclosed in the *Statement of Financial Position*.

| Interest risk table 2016/2017 | | | | | | | |
|--------------------------------------|---|-----------------------------|----------------------|------------------------------|---------------------|-----------------|-----------------|
| | Weighted average effective interest rate % | Less than 1 month \$ | 1-3 months \$ | 3 months to 1 year \$ | 1-5 years \$ | 5+ years | Total \$ |
| Cash and cash equivalents | Variable | 5,048,690 | - | - | - | - | 5,048,690 |
| Investments (current) | Various* | 1,534,297 | 3,000,000 | 3,312,744 | - | - | 7,847,041 |
| Trade and other receivables | N/A | 6,620,082 | 481,478 | 1,173,542 | - | - | 8,275,102 |
| Investments (non-current) | Various* | - | - | - | 1,500,000 | 1,000,000 | 2,500,000 |
| Trade and other payables | N/A | 7,738,766 | 110,356 | 1,317,724 | - | - | 9,166,846 |
| Provisions | N/A | 190,725 | 381,451 | 1,716,519 | 667,000 | 843,000 | 3,798,695 |
| Borrowings | 2.96-3.03 | - | 316,836 | 950,507 | 44,955,243 | - | 46,222,586 |
| Derivative financial instruments | 2.01 | - | 140,614 | 421,842 | 2,249,824 | - | 2,812,280 |

| Interest risk table 2015/2016 | | | | | | | |
|--------------------------------------|---|-----------------------------|----------------------|------------------------------|---------------------|-----------------|-----------------|
| | Weighted average effective interest rate % | Less than 1 month \$ | 1-3 months \$ | 3 months to 1 year \$ | 1-5 years \$ | 5+ years | Total \$ |
| Cash and cash equivalents | Variable | 2,485,573 | - | - | - | - | 2,485,573 |
| Investments (current) | Various* | 2,083,585 | 1,531,535 | 6,089,972 | - | - | 9,705,092 |
| Trade and other receivables | N/A | 12,057,126 | - | - | - | - | 12,057,126 |
| Investments (non-current) | Various* | - | - | - | 1,541,363 | 1,000,000 | 2,541,363 |
| Trade and other payables | N/A | 4,860,785 | 779,617 | 1,952,549 | - | - | 7,592,951 |
| Provisions | N/A | 203,407 | 406,811 | 1,830,654 | 705,680 | 979,320 | 4,125,872 |
| Borrowings | 3.18-3.43 | - | 280,288 | 2,081,127 | 36,416,373 | - | 38,777,788 |
| Derivative financial instruments | 2.40 | - | 112,800 | - | 1,804,800 | - | 1,917,600 |

* Weighted average effective interest rate is disclosed in Note 13.

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

| | 2016/2017 | | 2015/2016 | |
|---|----------------------------|--------------------|--------------------------------|--------------------|
| | Estimate Annual Plan \$ | Actual \$ | Estimate Long- Term Plan \$ | Actual \$ |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 7,536,494 | 7,536,494 | 7,461,874 | 7,461,873 |
| Targeted rates | 1,820,603 | 1,820,603 | 1,665,845 | 1,665,845 |
| Subsidies and grants for operating purposes | 1,601,930 | 1,933,519 | 1,790,923 | 2,209,103 |
| Fees and charges | 7,407,404 | 7,275,299 | 8,010,386 | 7,305,624 |
| Interest and dividends from investments | 6,499,700 | 6,505,647 | 6,305,529 | 6,242,166 |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - |
| Total operating funding | 24,866,131 | 25,071,562 | 25,234,557 | 24,884,611 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 23,809,900 | 20,636,484 | 23,599,785 | 21,133,344 |
| Finance costs | - | - | - | - |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding | 23,809,900 | 20,636,484 | 23,599,785 | 21,133,344 |
| Surplus/(deficit) of operating funding | 1,056,231 | 4,435,078 | 1,634,772 | 3,751,267 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 402,000 | - | 38,744 | - |
| Development and financial contributions | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - |
| Gross proceeds from sale of assets | 235,000 | 214,434 | 303,000 | 186,710 |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding | 637,000 | 214,434 | 341,744 | 186,710 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | - | - | - | - |
| - to improve the level of service | 40,000 | 173,661 | 180,000 | 737,037 |
| - to replace existing assets | 5,362,400 | 4,579,372 | 3,561,150 | 2,633,070 |
| Increase/(decrease) in reserves | (351,290) | 1,205 | 71,509 | (262,782) |
| Increase/(decrease) in investments | (3,357,879) | (104,726) | (1,836,143) | 830,652 |
| Total applications of capital funding | 1,693,231 | 4,649,512 | 1,976,516 | 3,937,977 |
| Surplus/(deficit) of capital funding | (1,056,231) | (4,435,078) | (1,634,772) | (3,751,267) |
| Funding balance | - | - | - | - |

RESOURCE MANAGEMENT FUNDING IMPACT STATEMENT

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|--------------------|----------------------------------|--------------------|
| | 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 | 3,886,351 | 3,986,371 | 3,986,371 | 3,841,829 | 3,841,829 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | 245,000 | 300,000 | 285,113 | 245,000 | 562,484 |
| Fees and charges | 6,517,998 | 5,608,690 | 5,320,934 | 6,161,020 | 5,704,078 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 10,649,349 | 9,895,061 | 9,592,418 | 10,247,849 | 10,108,391 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 9,636,933 | 8,790,150 | 5,431,254 | 9,142,854 | 5,805,327 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 4,011,360 | 4,140,094 | 2,385,002 | 3,964,979 | 2,223,336 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 13,648,293 | 12,930,244 | 7,816,256 | 13,107,833 | 8,028,663 |
| Surplus/(deficit) of operating funding | (2,998,944) | (3,035,183) | 1,776,162 | (2,859,984) | 2,079,728 |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 94,000 | 94,000 | 76,827 | 127,000 | 140,919 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 94,000 | 94,000 | 76,827 | 127,000 | 140,919 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 656,200 | 598,600 | 398,934 | 779,750 | 440,333 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (3,561,144) | (3,539,783) | 1,454,055 | (3,512,734) | 1,780,314 |
| Total applications of capital funding | (2,904,944) | (2,941,183) | 1,852,989 | (2,732,984) | 2,220,647 |
| Surplus/(deficit) of capital funding | 2,998,944 | 3,035,183 | (1,776,162) | 2,859,984 | (2,079,728) |
| Funding balance | - | - | - | - | - |

BIOSECURITY FUNDING IMPACT STATEMENT

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | 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 | 850,795 | 727,847 | 727,847 | 905,043 | 905,043 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 108,250 | 106,500 | 200,223 | 106,500 | 79,102 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 959,045 | 834,347 | 928,070 | 1,011,543 | 984,145 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 1,384,157 | 1,258,250 | 1,270,404 | 1,067,345 | 1,227,097 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 564,945 | 481,270 | 596,415 | 562,132 | 669,843 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 1,949,102 | 1,739,520 | 1,866,819 | 1,629,477 | 1,896,940 |
| Surplus/(deficit) of operating funding | (990,057) | (905,173) | (938,749) | (617,934) | (912,795) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 60,000 | 60,000 | 38,304 | 113,000 | 45,791 |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 60,000 | 60,000 | 38,304 | 113,000 | 45,791 |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 172,500 | 172,500 | 70,733 | 335,200 | 80,470 |
| Increase/(decrease) in reserves | (337,000) | (372,000) | - | 50,000 | 50,000 |
| Increase/(decrease) in investments | (765,557) | (645,673) | (971,178) | (890,134) | (997,474) |
| Total applications of capital funding | (930,057) | (845,173) | (900,445) | (504,934) | (867,004) |
| Surplus/(deficit) of capital funding | 990,057 | 905,173 | 938,749 | 617,934 | 912,795 |
| Funding balance | - | - | - | - | - |

TRANSPORT FUNDING IMPACT STATEMENT

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | 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 | 175,892 | 149,796 | 149,796 | 168,015 | 168,015 |
| Targeted rates | 810,821 | 850,272 | 850,272 | 748,774 | 748,774 |
| Subsidies and grants for operating purposes | 1,213,530 | 1,301,930 | 1,647,887 | 1,545,923 | 1,576,880 |
| Fees and charges | 1,296,551 | 1,136,450 | 1,095,247 | 1,234,086 | 1,053,359 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 3,496,794 | 3,438,448 | 3,743,202 | 3,696,798 | 3,547,028 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 3,901,645 | 3,851,102 | 3,755,577 | 3,767,293 | 3,537,843 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 146,015 | 146,080 | 149,827 | 145,288 | 145,294 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 4,047,660 | 3,997,182 | 3,905,404 | 3,912,581 | 3,683,137 |
| Surplus/(deficit) of operating funding | (550,866) | (558,734) | (162,202) | (215,783) | (136,109) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | 402,000 | 402,000 | - | 38,744 | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 8,000 | 8,000 | 5,655 | - | - |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 410,000 | 410,000 | 5,655 | 38,744 | - |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 725,000 | 725,000 | 21,321 | 66,800 | 3,656 |
| Increase/(decrease) in reserves | (30,962) | (35,180) | (34,449) | (41,655) | (39,564) |
| Increase/(decrease) in investments | (834,904) | (838,554) | (143,419) | (202,184) | (100,201) |
| Total applications of capital funding | (140,866) | (148,734) | (156,547) | (177,039) | (136,109) |
| Surplus/(deficit) of capital funding | 550,866 | 558,734 | 162,202 | 215,783 | 136,109 |
| Funding balance | - | - | - | - | - |

HAZARD MANAGEMENT FUNDING IMPACT STATEMENT—CIVIL DEFENCE EMERGENCY MANAGEMENT

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | 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 | 201,019 | 176,810 | 176,810 | 203,460 | 203,460 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | 519 | - | 69,738 |
| Fees and charges | 379,087 | 392,764 | 415,886 | 376,780 | 380,042 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 580,106 | 569,574 | 593,215 | 580,240 | 653,240 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 515,977 | 491,667 | 552,839 | 509,827 | 570,781 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 207,670 | 198,776 | 204,928 | 206,635 | 204,132 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 723,647 | 690,443 | 757,767 | 716,462 | 774,913 |
| Surplus/(deficit) of operating funding | (143,541) | (120,869) | (164,552) | (136,222) | (121,673) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 10,000 | 10,000 | - | 8,000 | - |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 10,000 | 10,000 | - | 8,000 | - |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 44,800 | 44,800 | 38,796 | 69,400 | 5,635 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (178,341) | (155,669) | (203,348) | (197,622) | (127,308) |
| Total applications of capital funding | (133,541) | (110,869) | (164,552) | (128,222) | (121,673) |
| Surplus/(deficit) of capital funding | 143,541 | 120,869 | 164,552 | 136,222 | 121,673 |
| Funding balance | - | - | - | - | - |

HAZARD MANAGEMENT FUNDING IMPACT STATEMENT—FLOOD MANAGEMENT, GENERAL RIVER CONTROL AND RIVER CONTROL SCHEMES

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|-----------------|
| | 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 | 131,496 | 116,806 | 116,806 | 130,555 | 130,554 |
| Targeted rates | 584,007 | 662,877 | 662,877 | 624,533 | 624,533 |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 20,500 | 20,000 | 60,405 | 20,000 | 22,389 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 736,003 | 799,683 | 840,088 | 775,088 | 777,476 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 380,630 | 410,590 | 446,991 | 418,721 | 744,540 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 106,192 | 106,240 | 108,496 | 105,664 | 106,177 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 486,822 | 516,830 | 555,487 | 524,385 | 850,717 |
| Surplus/(deficit) of operating funding | 249,181 | 282,853 | 284,601 | 250,703 | (73,241) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | - | - | 4,130 | 8,000 | - |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | - | - | 4,130 | 8,000 | - |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | 40,000 | 173,661 | 180,000 | 737,037 |
| - to replace existing assets | - | - | - | - | 35,016 |
| Increase/(decrease) in reserves | 66,910 | 55,890 | 35,654 | 63,164 | (273,218) |
| Increase/(decrease) in investments | 182,271 | 186,963 | 79,416 | 15,539 | (572,076) |
| Total applications of capital funding | 249,181 | 282,853 | 288,731 | 258,703 | (73,241) |
| Surplus/(deficit) of capital funding | (249,181) | (282,853) | (284,601) | (250,703) | 73,241 |
| Funding balance | - | - | - | - | - |

RECREATION, CULTURE AND HERITAGE FUNDING IMPACT STATEMENT

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|--------------------|
| | 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 | 1,613,771 | 1,601,390 | 1,601,390 | 1,564,434 | 1,564,434 |
| Targeted rates | 301,107 | 307,454 | 307,454 | 292,538 | 292,538 |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 109,500 | 138,000 | 181,605 | 105,000 | 65,703 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 2,024,378 | 2,046,844 | 2,090,449 | 1,961,972 | 1,922,675 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 2,215,581 | 2,229,267 | 2,241,103 | 2,192,755 | 2,713,151 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 812,372 | 812,741 | 829,929 | 808,330 | 810,294 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 3,027,953 | 3,042,008 | 3,071,033 | 3,001,085 | 3,523,445 |
| Surplus/(deficit) of operating funding | (1,003,575) | (995,164) | (980,584) | (1,039,113) | (1,600,770) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | - | - | 4,350 | 31,000 | - |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | - | - | 4,350 | 31,000 | - |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 2,789,000 | 2,839,000 | 2,351,688 | 1,686,500 | 1,470,141 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (3,792,575) | (3,834,164) | (3,327,922) | (2,694,613) | (3,070,911) |
| Total applications of capital funding | (1,003,575) | (995,164) | (976,234) | (1,008,113) | (1,600,770) |
| Surplus/(deficit) of capital funding | 1,003,575 | 995,164 | 980,584 | 1,039,113 | 1,600,770 |
| Funding balance | - | - | - | - | - |

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT FUNDING IMPACT STATEMENT

| | 2016/2017 | | | 2015/2016 | |
|---|----------------------------------|----------------------------|------------------|----------------------------------|------------------|
| | 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 | 677,169 | 777,474 | 777,474 | 648,538 | 648,538 |
| Targeted rates | - | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - | - |
| Fees and charges | 7,000 | 5,000 | 1,000 | 7,000 | 952 |
| Internal charges and overheads recovered | - | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | - | - | - | - | - |
| Total operating funding | 684,169 | 782,474 | 778,474 | 655,538 | 649,490 |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 860,493 | 995,452 | 965,937 | 786,833 | 816,885 |
| Finance costs | - | - | - | - | - |
| Internal charges and overheads applied | 407,249 | 437,181 | 410,798 | 405,221 | 405,892 |
| Other operating funding applications | - | - | - | - | - |
| Total applications of operating funding | 1,267,742 | 1,432,633 | 1,376,735 | 1,192,054 | 1,222,777 |
| Surplus/(deficit) of operating funding | (583,573) | (650,159) | (598,261) | (536,516) | (573,287) |
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - | - |
| Development and financial contributions | - | - | - | - | - |
| Increase/(decrease) in debt | - | - | - | - | - |
| Gross proceeds from sale of assets | 63,000 | 63,000 | 85,168 | 16,000 | - |
| Lump sum contributions | - | - | - | - | - |
| Other dedicated capital funding | - | - | - | - | - |
| Total sources of capital funding | 63,000 | 63,000 | 85,168 | 16,000 | - |
| Applications of capital funding | | | | | |
| Capital expenditure | | | | | |
| - to meet additional demand | - | - | - | - | - |
| - to improve the level of service | - | - | - | - | - |
| - to replace existing assets | 982,500 | 982,500 | 1,697,900 | 623,500 | 597,819 |
| Increase/(decrease) in reserves | - | - | - | - | - |
| Increase/(decrease) in investments | (1,503,073) | (1,569,659) | (2,210,993) | (1,144,016) | (1,171,106) |
| Total applications of capital funding | (520,573) | (587,159) | (513,093) | (520,516) | (573,287) |
| Surplus/(deficit) of capital funding | 583,573 | 650,159 | 598,261 | 536,516 | 573,287 |
| Funding balance | - | - | - | - | - |

Reporting and Prudence Regulations

Local Government (Financial Reporting and Prudence) Regulations 2014

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

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.

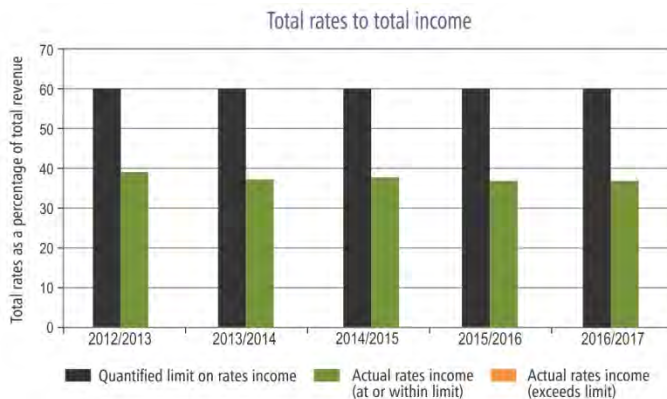
The Council is required to include this statement in its annual report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

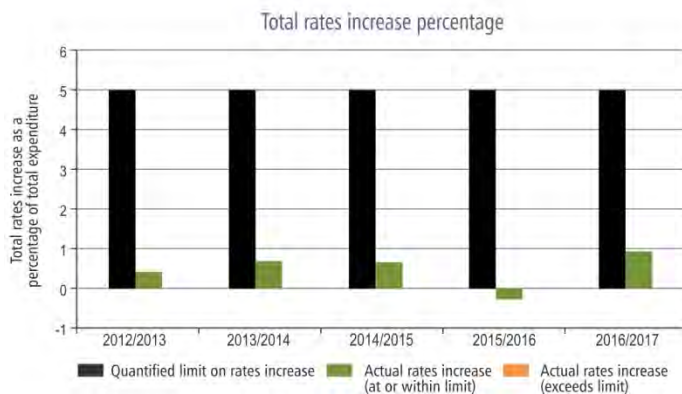
The Council meets the rates affordability benchmark if—

- 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.

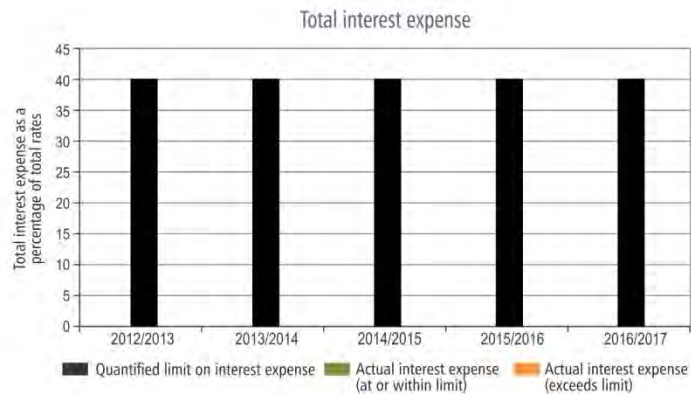


DEBT AFFORDABILITY BENCHMARK

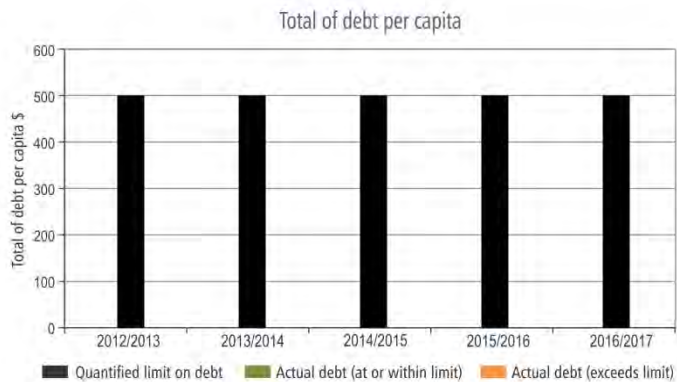
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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 2016/2017, 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.

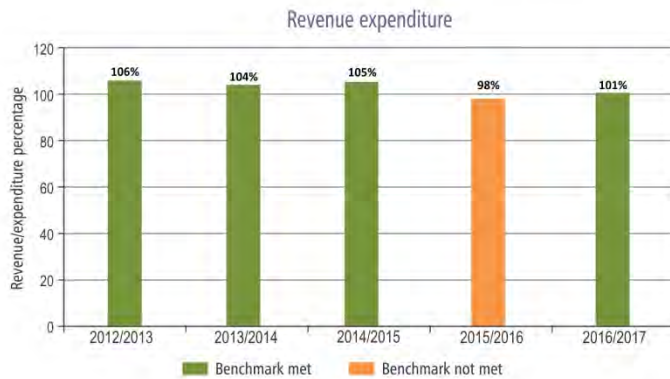


During the period 2012/2013 to 2016/2017, the Council had no external public debt and, consequently no interest expense. The graph shows that net external public debt per capita is \$0.

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.

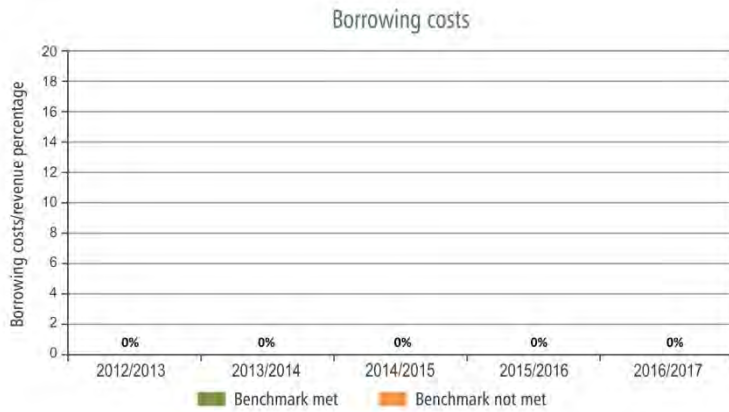
The Council's only network services are in relation to flood protection and control works. The Council does not provide any of the other network services. These network services are in the form of land assets. Accordingly, there is no depreciation on these assets. The Council's capital expenditure will 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

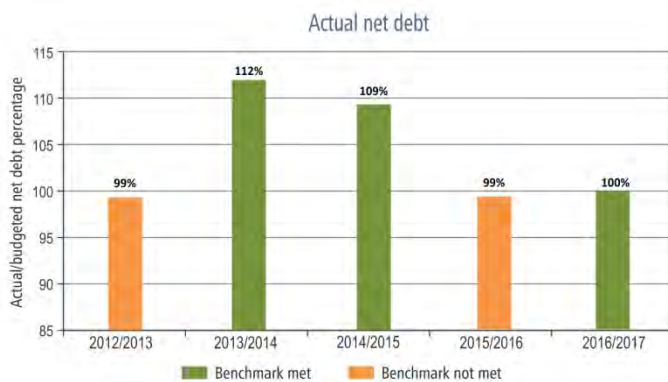
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the 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 2016/2017, 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 2012/2013 to 2016/2017, 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.

