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Document # 2047154

Chairman and Chief Executive's Report

We are pleased to present the Taranaki Regional Council's 2017/2018 Annual Report.

REGION'S STORY WORTH TELLING

We are pleased to present the Taranaki Regional Council's 2017/2018 Annual Report. Once again we saw solid progress across a wide variety of programmes and activities with a good financial result, and in the face of continued and complex challenges.

These regional achievements are due to much more than our own efforts, however. They are also the result of smart thinking and hard work by many others across all sectors. In short, Taranaki has a very good story to tell.

The Council has a central role in areas vital to regional life – environmental and resource management; protecting and improving native biodiversity; hazard management; public transport and transport planning; cultural and recreational amenities; advocacy; and ownership of Port Taranaki. We maintain a firm focus on supporting livelihoods, improving lifestyles and taking Taranaki forward.

The *At a Glance* section overleaf summarises the year's key outcomes in simple graphic form. But in three important areas, we saw outstanding developments that we believe put Taranaki in a league of its own. These merit detailed discussion below.

We also share the regional public's disappointment over developments at Yarrow Stadium, an asset that's owned by a Trust controlled by this Council. With the two grandstands found to be earthquake-prone and subsequently closed, we are working closely with partners and stakeholders to find the best solution. The future will become clearer in the next few months as engineers complete a complex analysis of issues and options.

FRESHWATER STATS: SPARKLING, NOT FLAT

For Taranaki, freshwater has always been a vital resource in cultural, economic and recreational terms. So freshwater management is rightly a core function and important priority for this Council.

In contrast to the 'doom and gloom' that pervades the national conversation on freshwater quality, Taranaki



continues to see impressive gains. The Council's own monitoring and trend analyses, reported during the 2017/2018 financial year and subsequently, paint a consistent picture: Continued improvements in the ecological health of the waterways we monitor, with very few sites deteriorating. .

Ecological health is regarded as the prime measure of freshwater quality. And given the tone of the national discussion on levels of nitrogen, it's interesting to note that these improvements in ecological health are largely taking place regardless of the nutrient trends at any particular site. Overall, though, an increasing number of sites have nutrient levels that are stable or reducing.

These results aren't a happy accident. An independent report by NIWA during the year found that Taranaki's long-running riparian protection programme is not only strongly associated with the improved ecological health in the region's waterways, but has also reduced E. coli levels.

Guided by solid previous research, improving ecological stream health has been the major goal of this Council's long-running and voluntary riparian fencing and planting programme. The NIWA report endorses and validates this approach, with reduced bacterial (E. coli) contamination being an additional benefit.

By the end of the 2017/2018 financial year, the Council had provided landowners with riparian management plans more than 5.1 million native plants, and a total of 85.7% of their streams were fenced and 71.7% were protected by vegetation. This represents a massive commitment by the farming community.

Soil conservation efforts in the eastern hill country, too, have a direct bearing on freshwater quality as well as reducing the risk and severity of flooding as a result of severe weather.

The Council has worked alongside landowners to prepare sustainable land management plans for 840 hill country farms, covering 67% of hill country land in private ownership.

Alongside these efforts, the Council also continued to work with communities and industry across the region to reduce or eliminate impacts from point-source discharges, and taking enforcement action when necessary.

BIODIVERSITY: RESTORATION LIKE NO OTHER

The closing stages of the 2017/2018 saw the announcement of \$11million-plus in Government support for *Towards Predator-Free Taranaki* a long-term predator control/biodiversity restoration project led by this Council.

The announcement was the result of an intense effort by Council management and staff to put together a business case justifying the support, which is funded through the Crown Company Predator Free 2050 Ltd.

The project started almost immediately the funding was announced and is already attracting the sort of solid community support – both urban and rural – that is vital to ensure its long-term success.

It is a true trail-blazer – the largest project of its kind in the world, and certainly nationally. We are confident it can succeed because of the years of work that has already gone into possum control in rural areas under the Council's *Self-Help Possum Programme*, the country's biggest predator-control programme by area.

More recently, the Council's voluntary possum control programme in New Plymouth has laid the groundwork and provided experience and lessons in urban predator operations.

Towards Predator-Free Taranaki is a key element of *Restore Taranaki*, a visionary and region-wide biodiversity restoration project coordinated by Wild for Taranaki, the regional biodiversity trust.

The region is ready, willing and able to break new ground in predator control and biodiversity restoration.

PUKEITI: WINNING THE VISITOR VOTE

We had been confident the public of Taranaki and their visitors would respond positively to the new Rainforest Centre and associated developments at Pukeiti, which opened during the 2017/2018 year. However, we had not expected such a dramatic increase in visitor numbers, which were up by 285% for the year as a whole.

The new centre gives our world-class garden a world-class visitor experience. It gives people an opportunity to visit regardless of the weather and time of year, and experience the wonderful gardens out of the rain and under a roof, and to take in the stories of Pukeiti.

Allied developments include a network of tree houses and an associated activity pack that also proved popular with children and their parents and caregivers.

The success of these developments gives us confidence as we work further to develop Pukeiti, not only because it's worthwhile in itself but also to add resilience to the Taranaki economy, with tourism rapidly emerging as an important regional industry alongside agriculture and hydrocarbon-based activities.

The Council's other two heritage properties, Tūpare and Hollard Gardens, also enjoyed greater patronage during the year, with their gardens and facilities being continually refined and enhanced.

THE BOTTOM LINE

The Council finished the 2017/2018 year with a surplus of \$962,000 (total comprehensive income). Total expenditure was \$26.6m. 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 (a 1% general rates increase in 2017/2018). The Council's balance sheet remains very strong, with no public debt.

All of the achievements outlined here would not have been possible without the skills, dedication and enthusiasm of Council staff, and the commitment people across Taranaki who share our broad goals. We thank them all.

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

120

major consents monitored
and publicly reported on.

92%

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

92.3%

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



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

Planting and fencing streambanks

5.1m

plants put along streams by landowners.
430,567 in past year along 250 km.

86%

riparian plan streambanks
protected with fencing

72%

riparian plan streambanks
protected with riparian
vegetation.



Enforcing environmental standards

414

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

200

abatement
notices served

67

infringement
notices issued.

Sustainable farming

840

sustainable land management
plans, covering 67% of hillcountry
land in private ownership.

87%

hill country being
managed sustainably



Restoring native habitats



95% of 13 Key Native Ecosystems monitored improving or maintaining condition.

14 new biodiversity plans covering 88 ha of ecologically important habitats on private land.
Total of 104 covering 4,522 ha.



Removing predators and targeting pest plants

\$11.6m funding for Towards Predator-Free Taranaki from Predator Free 2050 Limited over five years.

4,086

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

2,212

inspections for pest plants.

6.9% catch rate for possums on properties monitored. Within 10% target to significantly reduce effects of possums.

Monitoring nature's extremes

- ✓ Regional and district councils maintained Civil Defence readiness and response capability.
- ✓ new flood protection scheme constructed to protect Opunake township.
- ✓ maintained flood protection schemes in the lower Waitara, lower Waiwhakaiho, Waitotara, and Stony Rivers, and Kaihihi Stream.
- 5** flood warnings issued to protect people and property potentially affected.



Regulating use of natural resources

100%

resource consents processed in RMA timeframes over past 18 years.

100%

consents submitted on resolved through pre-hearing process.

Checking marine and river health



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

80% freshwater bathing site samples met MfE bathing guidelines during summer.

53% freshwater ecological sites show significant trends of improvement and 2% showing significant decline.

67% nutrient measures at representative surface water sites stable or improving (since 1995).



overall, surface water quality is improving

Public bus services and transport

624,286

passengers on region's public transport

44,098

subsidised Total Mobility passenger trips

\$54,000

for Ironside Vehicle Society to carry people with disabilities.



World-class gardens

285% increase in visitors to Pukeiti.

Total of 141,111 visitors to Tupare, Pukeiti and Hollard Gardens. New Lodge for public and private events at Pukeiti.

Assisting Puke Ariki, heritage and culture

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



Ensuring clean air

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



Yarrow Stadium

Hosting All Blacks test match against Argentina in September 2017.



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

Sound financial performance



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



general rates increases at or below inflation rate for past few years.

Port Taranaki ownership \$5.46m

dividends from Council-owned Port Taranaki Ltd.



Educating future generations



6,543

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

16

environmental champions recognized by Council environmental awards.

Connecting people

engagement to progress Mt Messenger and Awakino Tunnel bypass projects

Building scientific knowledge

Range of resource investigations and applied research projects undertaken.



Supporting community initiatives

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



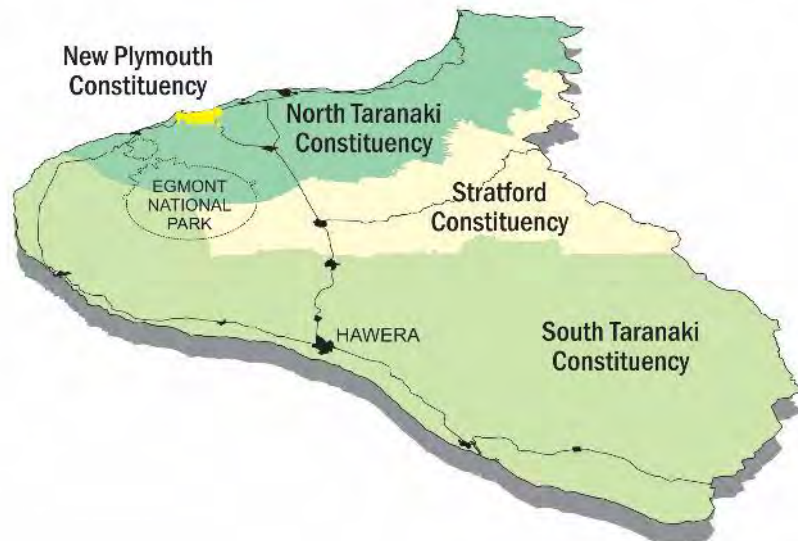
Governance Report

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

STRUCTURE OF THE COUNCIL

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

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



COUNCIL COMMITTEES

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

Figure 1: Committee Structure at 30 June 2018

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, Ngāti Ruanui, Ngāruahine, Taranaki Iwi, Te Atiawa, Ngāti Mutunga, Ngāti Maru and Ngāti Tama.

POLICY DEVELOPMENT

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

- development of the Proposed *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 further work is undertaken and consideration of the Government's freshwater and *Resource Management Act* reform programme
- incorporating Mātauranga Māori into the monitoring of freshwater in Taranaki
- the marine and coastal area applications for customary title and customary rights on behalf of tangata whenua. This provided an insight into the provisions of the *Takutai Moana Act* and what was required for the applications to be successful
- the development of Mana Whakahono a Rohe (iwi relationship) agreements with iwi. Commenced to formalise arrangements for iwi input to policy with a view to this assisting the review of policies, strategies and plans

RESOURCE CONSENT PROCESSES

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

- working with iwi authorities and 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 all settled iwi
- meeting with Ngāti Mutunga, Te Atiawa and Taranaki Iwi representatives to discuss and clarify notification of consent applications and levels of protection for coastal sites of significance
- facilitating a site visit for Ngāti Mutunga representatives to the Remediation NZ land waste treatment site in the Uruti Valley, in response to the pending renewal of resource consents
- working with hapu representatives, STDC and NPDC officials to discuss cultural monitoring and a cultural impact assessment in association with the consents held for the Central Landfill near Eltham
- meeting with Ngāti Manuhiakai hapu representatives at Rangatapu Marae, Ohawe to discuss the renewal of resource consents for Taranaki By-Products.

ONGOING ENGAGEMENT

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

- celebrating the opening of the refurbishment of Pukeiti Gardens along with Ngā Mahanga and Ngāti Tairi representatives and welcomed the Governor General, Dame Patsy Reedy to open the facility
- ongoing support from iwi for the Environmental Awards through sponsorship of "Te Taiao me te Pakihi" Environment Award category

- continuing support to Tiaki Te Mauri o Parininihi Trust for pest control and eradication in the Mount Messenger Conservation Area
- attending the Agreement in Principle signings for the Ngati Maru Treaty Settlement negotiations and the Taranaki Maunga Treaty Settlement negotiations at Parliament
- attending the poroporoaki for the outgoing CEO for Te Korowai o Ngāruahine Trust, Cassandra Crowley and also meeting the new Chair for the Trust Bev Gibson
- meeting with representatives from Parihaka Papakainga to initiate “Te Huanga o Rongo” which included a site visit of Parihaka and a discussion on the development of a Biodiversity plan. These meetings are continuing
- meeting with Ngāti Maniapoto and Office of Treaty Settlement representatives and officials for a discussion on input into decision-making processes, understanding the representation of the iwi of Taranaki at the standing committee level
- attending the Regional Iwi forum hosted by MFE in New Plymouth, to discuss the guidelines for the Mana Whakahono a Rohe and how it could work with iwi and councils within the region. All the region’s councils have begun informal discussions with Te Kaahui o Rauru and Te Korowai o Ngāruahine representatives on developing a mana Whakahono a Rohe agreement
- attending the powhiri whakatau for the incoming CEO for Te Korowai o Ngāruahine Trust Allie Hemara Wahanui
- updating Taranaki Maunga Treaty Settlement negotiations from Iwi negotiator, Daisy Noble and the Crown negotiators
- working with Ngāti Maru representatives, land and forestry owners on the protection of the spawning grounds of the Piharau/Lamprey located on a tributary of the upper Waitara River
- providing support, along with Ngāti Ruanui and Ngāruahine, to Craig Stevenson at his powhiri as the new CEO for the New Plymouth District Council



INFORMATION MANAGEMENT

Access to various layers of environmental data on the Council GIS, such as consents issued, environmental monitoring sites and riparian planting has been made available to the relevant iwi. Updates to the iwi contact lists on the website is ongoing.

Identification of sites of significance for iwi and hapu is a priority for both 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 comprehensive geographic information system platform.

TRAINING

Introductory cultural awareness and other training courses are being re-developed with a new provider. The emphasis will be to maintain the kaupapa/objective of knowing about the people of significance, places of importance and events that are significant to the iwi of Taranaki. As well as learning basic reo, tikanga and pronunciation.

RESOURCES

Further Stream Health Monitoring and Assessment Kit (SHMAK) training has been completed with Te Atiawa and Ngāti Mutunga representatives. Ongoing support and assistance will be provided to these iwi and the other iwi and hapu groups to maintain the integrity of the monitoring undertaken.

REVIEW

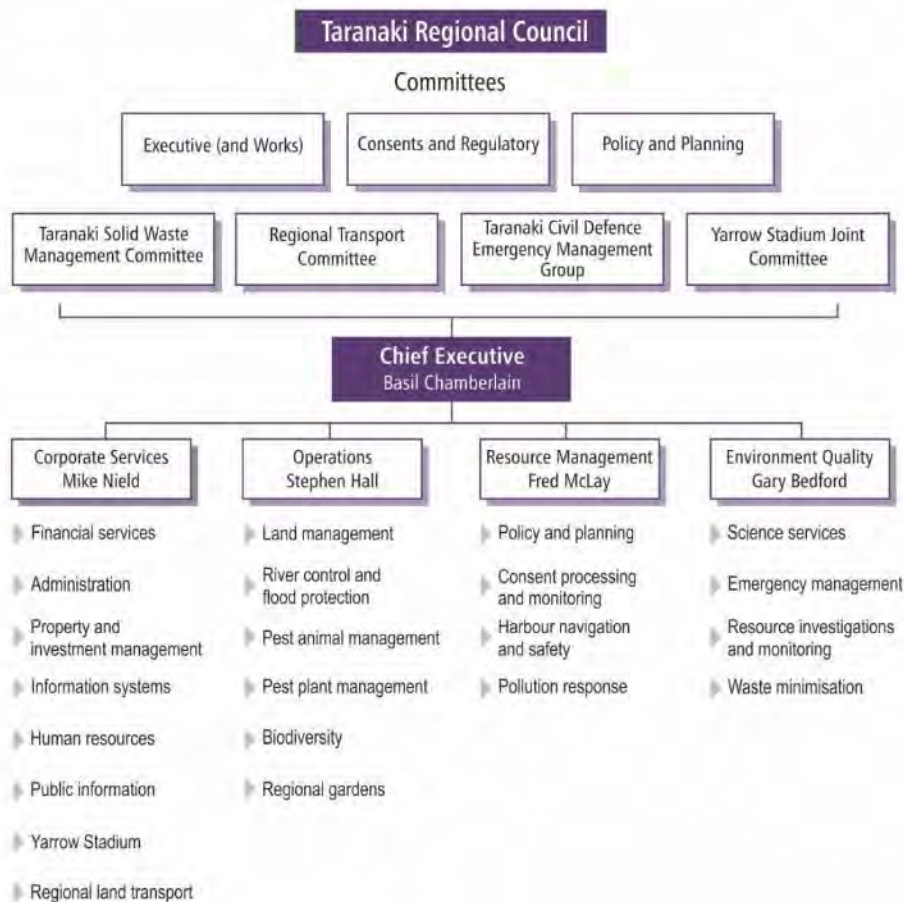
The Council will, with iwi, review the effectiveness of its policies and processes for working with iwi at times and places or in ways agreed with iwi.

REPRESENTATION

Following on from the powhiri, the iwi representatives on the Policy and Planning and Consents and Regulatory Committees, attended a number of induction sessions on the roles and responsibilities of a committee member, and the procedures and decision-making processes. This culminated with their participation in their first committee meetings on the 29 August 2017. Karakia adopted to begin and close the committee meetings and to bless the kai.

Staff Capacity

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



ORGANISATIONAL STRUCTURE

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

VALUES STATEMENT

The staff are committed to:

PUBLIC SERVICE

- behaving with integrity and neutrality in the best traditions of the public sector in New Zealand
- administering our functions for the collective good of our community with consistency, fairness and sensitivity in our treatment of individual situations
- not accepting direct or indirect offers, payment, gifts or bribes in any form and avoiding conflicts of interest.

SERVICE FIRST

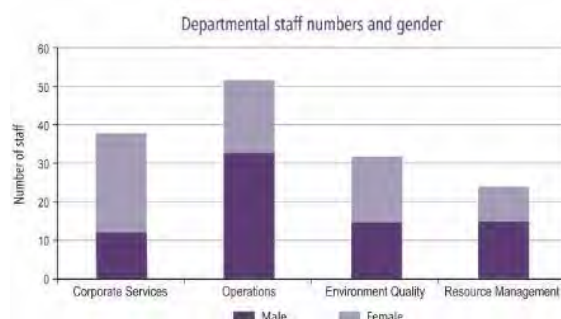
- assisting people in a courteous, helpful, accurate and professional manner
- providing people with a better service than they may expect to receive, noting that many people do not have dealings with us out of choice
- recognising the social and cultural diversity that exists and take this into account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

IMPROVING THE QUALITY OF OUR PERFORMANCE

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

EFFECTIVE COMMUNICATION AND TEAMWORK

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



INITIATIVE AND THE RIGHT TO MAKE MISTAKES

- challenging the way we do things showing initiative with the aim of improving effectiveness

- being innovative in developing and using new ideas, methods and technologies
- minimising mistakes but accepting that we will make mistakes as we learn and improve
- forgiving well-intentioned errors
- being flexible and responsive to change.

ACCOUNTABILITY AND RESULTS

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

PRESENTATION, RESPECT AND CARE

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



JOB SATISFACTION

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

PERFORMANCE MANAGEMENT

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

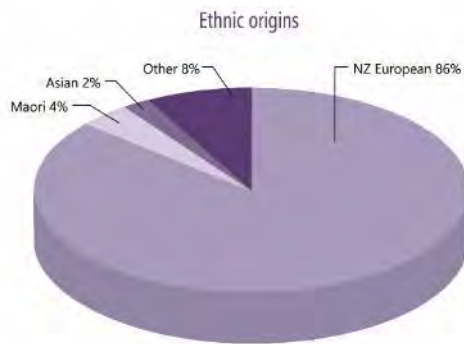
Performance metrics to measure individual, group and total Council performance across a full range of processes and outputs have been developed. This information is provided to all staff through the intranet and other means, at regular intervals. The Council's individual performance and development programme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

EMPLOYMENT AGREEMENTS

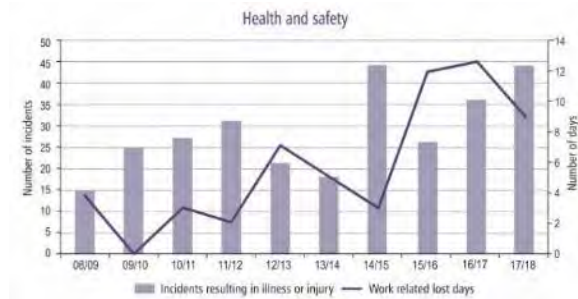
One-hundred and forty six (2017/2018—146) permanent staff are employed. Of these, 75% (82%) are employed under the *Taranaki Regional Council Collective Agreement*, with the balance employed on individual agreements and expired Collective Agreements. Staff employed under the collective agreement are represented by the Taranaki Regional Council Officers Staff Association Incorporated. We also have a number of staff who belong to the Public Service Association.

EQUAL EMPLOYMENT OPPORTUNITY

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



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



HEALTH AND SAFETY

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



The aim is for no staff time lost from work-related incidents. 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 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 1,657 dairy farms and about 473,000 dairy cows, producing approximately 9.8% 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.

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

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

Tourism is playing an increasingly important role in the Taranaki economy, with 652,372 guest nights spent in commercial accommodation in the Taranaki region by domestic and international visitors in the 2017 year – an increase of 4.3% over the previous year. This compared to a 2.5% increase nationally. Some 82% were domestic visitors and 18% were international visitors. International visitor numbers continued to rise with a 22.6% increase in the year ending December 2017 compared with a 4.8% increase nationally. The region continued to promote itself on the back of travel guide *Lonely Planet* having chosen Taranaki as the second best region in the world to visit in 2017.

The region's mountain, forests, gardens and parks are attracting increasing numbers of visitors for rural-based and outdoor recreation activities. The Taranaki region

is also becoming increasingly popular and recognised for a range of organised cultural, sporting and other events.

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

In an effort to diversify the economy and build long-term resilience, the Council continued its involvement in *Tapuae Roa: Make Way for Taranaki*, a major review of the Taranaki regional economic development strategy initiated by the Mayoral Forum in 2016. The *Tapuae Roa: Make Way for Taranaki* regional economic development strategy was released in August 2017 and the Action Plan in April 2018.

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

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 inland hill country experience significant soil erosion but changes to more sustainable land use practices and conversion to forestry present opportunities to address this. The development of a tree planting decision support portal is underway to assist this
- controlling threats to indigenous flora and fauna and the economic costs faced by the region as a result of pest plants and pest animals
- managing the coastline and coastal waters in a way that recognises ecologically and culturally sensitive areas within the coastal environment, and that allows appropriate coastal use and development
- promoting protection of the region's indigenous biodiversity where the Council has ramped up its efforts in recent years
- managing discharges of contaminants to air and maintaining the high overall standard of air quality
- managing the allocation of the region's surface water resources, especially for increasing interest in pasture irrigation.

RESOURCE MANAGEMENT ISSUES AND IWI

The tangata whenua, through the region's eight iwi: (Ngāti Tama, Ngāti Mutunga, Ngāti Maru, Te Atiawa, Taranaki, Ngāruahine, Ngāti Ruanui and 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 2017/18	Budget 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13	Actual 2011/12	Actual 2010/11	Actual 2009/10	Actual 2008/09
General rates	\$7.61m	\$7.61m	7.54m	\$7.46m	\$7.40m	\$7.29m	\$7.18m	\$7.18m	\$6.85m	\$5.7m	\$5.5m
Percent change	1.0%	1.0%	1.0%	0.9%	1.4%	1.5%	0%	4.82%	20.2%	3.3%	2.4%
General rates to income	28.5%	28.7%	30.0%	30.0%	30.2%	29.9%	31.6%	36.2%	31.8%	35.5%	32.1%
Rates per \$100,000 capital value	\$15.55	\$15.55	\$15.99	\$16.64	\$16.71	\$17.18	\$19.47	\$17.34	\$17.25	\$12.96	\$14.77
Total expenditure	\$26.6m	\$26.1m	\$24.8m	\$25.3m	\$23.3m	\$23.0m	\$21.5m	\$19.8m	\$18.6m	\$16.7m	\$16.0m
Percent change	7.31%	2.86%	-2.2%	8.6%	1.30%	7.0%	9.97%	6.12%	11.63%	9.62%	17.65%
Operating surplus/(deficit)	\$0.96m	\$0.44m	\$1.6m	\$0.97m	\$0.76m	\$1.4m	\$1.6m	\$0.32m	\$2.9m	(\$0.5m)	\$1.3m
Working capital	\$5.6m	\$0.03m	\$7.7m	\$11.0m	\$9.0m	\$4.28m	\$2.53m	\$2.21m	\$1.84m	\$10.6m	\$4.93m
Current ratio	1.87:1	1.09:1	2.7:1	3.78:1	3.11:1	2.12:1	1.72:1	1.53:1	1.55:1	4.96:1	2.97:1
Total assets	\$90.0m	\$84.4m	\$87.3m	\$85.1m	\$84.3m	\$83.1m	\$80.9m	\$79.6m	\$78.4m	\$74.2m	\$74.5m
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

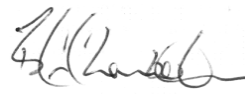
The Council and management of the Taranaki Regional Council accept responsibility for the preparation of the annual consolidated financial statements and the judgements used in them.

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 2018 fairly reflect the financial position and operations of the Taranaki Regional Council.



David MacLeod
Chairman
18 September 2018



Basil Chamberlain
Chief Executive
18 September 2018



Michael Nield
Director—Corporate Services
18 September 2018

Independent Auditor's Report: To the Readers of Taranaki Regional Council Annual Report for the Year Ended 30 June 2018

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

We are also required to report on:

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

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

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

Opinion on the audited information – Group *Qualified Opinion on the financial statements – Limited procedures over the impairment of Yarrow Stadium*

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

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

Opinion on the audited information – Parent

In our opinion:

- the financial statements on pages 80 to 107:
 - present fairly, in all material respects:
 - the Regional Council's financial position as at 30 June 2018;

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

Report on the disclosure requirements

We report that the Regional Council has:

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

Basis of our Qualified Opinion – Group*Impairment of building assets for Yarrow Stadium*

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

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

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

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

Basis for our opinion on the audited information – Parent

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

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

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

Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going

concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance information, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

Other Information

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

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

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



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



Achievement of Community Outcomes

The Council operates within the following planning framework:



Figure 3: The Council's planning framework

COMMUNITY OUTCOMES

The *Local government Act 2002* defines community outcomes as the outcomes that a local authority aims to achieve in 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 *2017/2018 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 *2017/2018 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 *2017/2018 Annual Plan*. However, it is the contribution of these activities to the achievement of the community outcomes that lies at the heart of the *2017/2018 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.

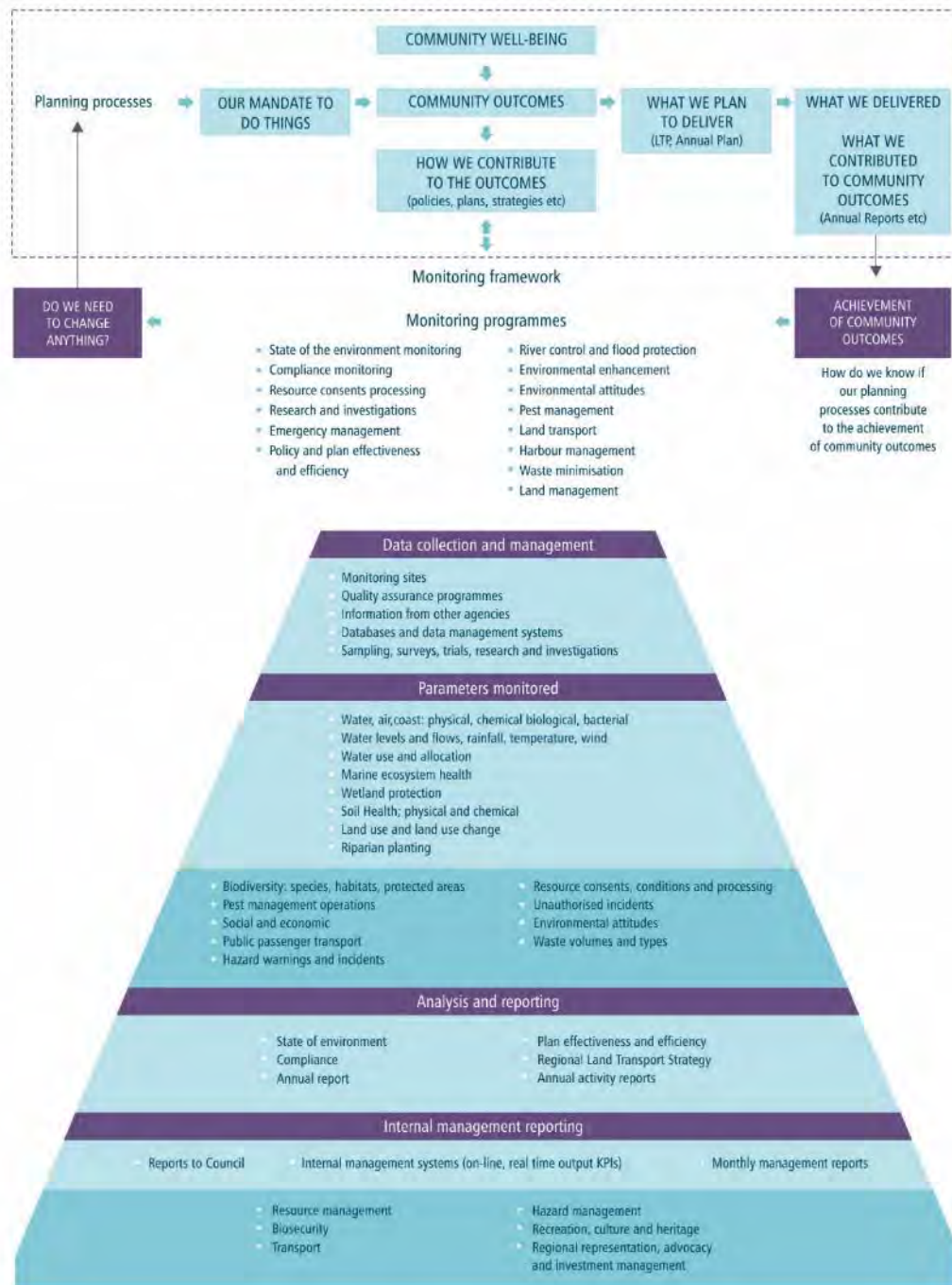
As previously indicated, the Council undertakes many measurements during the year of the progress it is making towards the achievement of community outcomes. The Council considers that it is too simplistic to select and report on only one or two parameters to show progress on community outcomes.

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 Tahī*. 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 *2017/2018 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 2017/2018 Annual Plan.

Financial information on the net cost of services delivered is also provided in conjunction with the budget established in the 2017/2018 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 2018.

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.

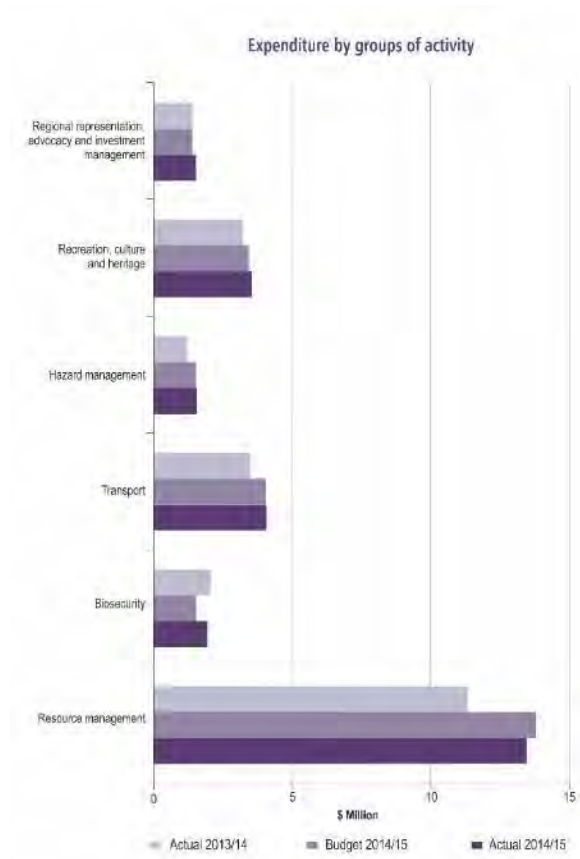


Figure 6: Expenditure by group of activities

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.

The review of the *Regional Coastal Plan* continued. A Proposed Coastal Plan was publicly notified on 24 February 2018 and submissions called for. Sixty-one submissions were received. Council is making good progress working through the Schedule 1 plan review process, The Proposed Coastal Plan includes a number of important changes to the management of the Taranaki coastal environment and gives effects to the Government's revised *New Zealand Coastal Policy Statement*.

Progress on the ongoing engagement, research, investigations and information gathering underpinning the development of a Proposed Freshwater and Land Plan continued. Key activities for 2017/2018 were the commissioning of a study on recommended environmental flow limits, the ongoing development of a freshwater accounting system, and the setting of draft regional swimmability targets.

The Council also completed a non-statutory five-yearly interim review of the *Regional Air Quality Plan that confirmed the efficiency and effectiveness of policies, rules and other methods in that Plan*.

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 18th 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 further progress is still desirable. 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 research targeting and funding delivery in New Zealand, completion of national-level science and research roadmaps (now moving to implementation planning), and the scoping and development of a second tranche of research within the National Science Challenges at the national level. Several challenges include a Taranaki-specific or relevant component.

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*.

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, 430,567 plants were grown on contract and ordered by landowners. Overall, in excess of 5.1 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. Council intends to reapply to the scheme in 2019 for another four years of participation.

In conjunction with land owners and community groups, 14 biodiversity plans were prepared for key native ecosystems covering 180 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 Parininihi 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 an Operations Manager and Biodiversity Coordinator on their behalf. Throughout the year Wild for Taranaki continued to work with members and the community in preparation for the launch of "Restore Taranaki" an overarching vision that incorporates the many and varied member projects.

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 five 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										
<p>Measure: Macroinvertebrate Community Index (MCI) values (a measure of freshwater community richness and composition) at least 50 regionally representative sites.</p> <p>Target (Years 1-10): The proportion of sites showing a trend (whether significant or indicative) of improvement in MCI against a base year of 1995 to exceed the proportion showing decline over the same period.</p> <p>Baseline: There is a continuing regional trend of improvement in the quality of freshwater ecology across the region. MCI values were determined for 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.</p>	<p>MCI values have been determined for 59 regionally significant sites and trend analysis for the period to June 2017 (from 1995) has been undertaken and reported. It shows 30 sites of 57 with statistically significant or very significant trends of improvement and one with a significant or very significant decline. Two sites could not be trended due to the shorter duration of monitoring at these sites. There is a decreasing downstream gradient of stream health ratings from 'very good' to 'fair' in ring plain streams. The MCI state of the environment monitoring programme continued during the year under review, with results for the 2017/2018 year to be reported during 2018/2019.</p>									
<p>Measure: Microbiological state of inland waters and coastal waters at bathing sites.</p> <p>Target (Years 1-10): Maintenance or increase in number of sites compliant with the 2003 Ministry of Health contact recreational guidelines.</p> <p>Baseline: There are 11 freshwater and 9 coastal water bathing sites monitored since 2003/2004. The following sites were compliant with the 2003 Ministry of Health contact recreational guidelines:</p> <table border="1"> <thead> <tr> <th></th> <th>Freshwater</th> <th>Coastal water</th> </tr> </thead> <tbody> <tr> <td>2003/2004</td> <td>6</td> <td>7</td> </tr> <tr> <td>2015/2016</td> <td>5</td> <td>7</td> </tr> </tbody> </table> <p>In 2015/2016, 87% of freshwater samples (93%-2003/2004) and 99% (99%-2003/2004) of coastal samples at these sites were compliant.</p>		Freshwater	Coastal water	2003/2004	6	7	2015/2016	5	7	<p>Microbiological monitoring of 16 freshwater and 13 marine sites was conducted over the summer bathing season. Results show that 80% of freshwater samples were compliant with the bacteriological guidelines throughout the season.</p> <p>Four of the sites monitored for freshwater quality in 2003/2004 were compliant in 2017/2018. Three of the freshwater sites monitored in 2017/2018 that exceeded the bacteriological guideline during the monitoring season only did so on two occasions.</p> <p>Coastal water quality is generally high at monitored sites. In Taranaki, >99% of coastal samples at these sites were compliant and only <1% of samples reached 'Action' level. The two sites that exceeded bacteriological guideline during the monitoring season only did so on a single occasion.</p>
	Freshwater	Coastal water								
2003/2004	6	7								
2015/2016	5	7								
<p>Measure: Physical barriers to fish passage.</p> <p>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.</p> <p>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.</p>	<p>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. Inspections of these structures commenced during the year. A compliance programme for minor sites (e.g., farm culverts) has also been implemented, with all new culvert installations being inspected to ensure they provide for fish passage. Existing culverts are also inspected on a seven year rotation. Compliance implementation will increase the habitat range for native fish.</p>									

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 19 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. Regularly updated information on water allocation guideline information is published.

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

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

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

Baseline: In 2015/2016, 100% of significant water abstraction consents were monitored with 99% attaining a "good" or "high" level of compliance and performance. Every unauthorised incident was reported publicly. The Council responded to all non-compliance events in accordance with its documented enforcement procedures.

Water resources are sustainably managed. Monitoring programmes are in place for 100% of significant water abstraction consents. In 2017/2018, 96% of sites attained a "good" or "high" level of compliance and performance (2016/2017, 94%). All unauthorised incidents are responded to, investigated, and publicly reported upon in accordance with adopted procedures.

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

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

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

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

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

- MCI and periphyton indicators for ecological health: every site of the 11 representative sites shows stability or improvement since 1995
- BOD: 9 sites of 11 stable against 1995 baseline, and all sites are stable over the recent period
- Bacteriological state: 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 2017 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 (4 sites; to 2010, 8 sites) or improvement (7 sites; to 2010, 3 sites) since 1995
- BOD: 9 (82%) sites of 11 stable against 1995 baseline, and all sites (100%) stable against 1995 baseline over recent years.
- Bacteriological state: 82% shows improvement (9%) or stable (73%) against 1995 baseline, and 82% stable over recent years.
- Nutrients: the number of sites showing stability or improvement is increasing over time. Since 1995, 67% of nutrient measures stable (56%) or improving (11%); 75% of nutrient measures stable over recent years. Total nitrogen has been stable (55%) or improving (36%) since 1995, and stable (82%) over the recent years.

Periphyton: the latest trend results (2002-2018) showed no sites had a significant increase in thick mat and long filaments measure. Two sites showed statistically significant decreasing levels of long filamentous algae. 93% of surveys for all sites over the last two years (2016-2018) met national periphyton guidelines.

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.

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

Programmed level of service

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

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

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

Reported level of service

The current life-supporting capacity of the lake is stable and relatively healthy. Monitoring for 2017/2018 was completed (4 surveys) and reported. 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 2015/2016, 100% of significant point sources were monitored with 96% of significant industrial sources and 94% 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. 92% of significant industrial point sources attained a "good" or "high" level of compliance and environmental performance (91% in 2016/2017). Of significant agricultural sources, 92.3% (92.6%) 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 were three (1) instance of serious non-compliance that resulted in prosecutions 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, 2,789 (2,687—2016/2017) riparian management plans have been prepared recommending the planting of 6,098 (5,981) km and fencing of 6,954 (6,886) km of stream banks. At 30 June 2018, 45.7% (42.7%) of the recommended planting and 68.3% (67.5%) of the recommended fencing had been completed resulting in 85.7% (85%) of riparian plan streams now protected by fencing and 71.7% (70%) 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 205,425ha (204,335ha — 2016/2017). The monitoring of sustainably managed land use, in accordance with the physical capabilities of the land and soil resources, is a 5-yearly programme. A contract with Landcare Research to repeat the project in 2018 is underway. 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. Twenty sites were sampled and results indicated 71% of samples were within the target ranges. There was no overall significant change in soil cadmium concentrations. The results showed general pattern in soil quality are similar to those found in other regions.

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

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

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

Baseline: As at 30 June 2015, 202,191ha of private land have a farm plan.

There are 443 (437—2016/2017) comprehensive farm and agroforestry plans in place covering 205,425ha (204,335ha) on the 840 Taranaki hill country farms, covering 67% (66.8%) of the hill country land in private ownership. This provides a basis for landowners to make decisions on the most sustainable land uses for their properties.

Programmed level of service

Reported level of service

[7] Maintenance of a high standard of ambient air quality

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

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

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

There is good air quality in the region, with negligible contribution from human activities. There is a co-ordinated programme of regional monitoring across a ten-year timeframe. In February 2016, continuous monitoring of fine particular matter PM_{2.5} (potential health risk) commenced in central New Plymouth and continues to date; the data is currently being analysed and will be reported in due course. In June 2018, MfE started a review of the National Environmental Standard (NES) for air quality.

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 2015/2016, 100% of significant point source emissions were monitored with 94% 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 100% of sources attained a "good" or "high" level of compliance and performance (97% in 2016/2017). 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 2017/2018 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 (180 ha). In total, 104 KNEs on private land covering 4,522 hectares now have biodiversity plans. This equates to 49% of all KNE sites with private land. In addition, a further biodiversity plan (2.4 ha) was prepared for a KNE on public land – the forested areas of New Plymouth District Council's PG Nops & Joe Gibbs Reserves' in Inglewood.

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 2018, the inventory contained 252 sites (235—2016/2017).

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 46 (59—2016/2017) assessments undertaken. In addition, 19 repeat five-year condition assessments were completed at 13 KNEs. From this 18 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 polices 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).

There is a complete suite of operative plans, policies and strategies in place.

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

The review of the *Regional Air Quality Plan for Taranaki* was completed and made operative on 25 July 2011. A non-statutory five-yearly interim review of the efficiency and effectiveness of the policies, rules and other methods of the *Plan* was completed.

The review of the *Regional Fresh Water Plan* and *Regional Soil Plan* continued. Ongoing engagement, research, investigations and information gathering underpinning the development of a *Proposed Freshwater and Land Plan* continued. This included the commissioning of a study on recommended environmental flow limits, the ongoing development of a freshwater accounting system, and the setting of draft regional swimability targets.

Progress was made on the review of the *Regional Coastal Plan*. As part of the review, an innovative ‘wave survey’ was carried out that allowed the community to tell us which surf breaks are values and why. This information was used to determine the appropriate level of protection for each surf break. In February 2018, a *Proposed Coastal Plan* was released for public consultation with 61 submissions being received.

[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%—2016/2017) 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 2015/2016, the Council implemented 186 individual monitoring programmes of significant consents. Of those, 71% of programmes attained a 'high' environmental performance and 24% a 'good' performance. Monitored 1,743 (100%) dairy farms, and undertook 246 other inspections of minor industrial operations. All other consents were appropriately monitored. Necessary enforcement action was undertaken.

Reported level of service

Implemented 120 (191—2016/2017) individual monitoring programmes of significant consents. Of those, 54% of programmes attained a "high" environmental performance (74%) and 38% a "good" performance (21%). 76% of all individual consents were rated 'high' and 20% of consents were rated 'good'.

All dairy farms 1,710 (1,721) were monitored for compliance with resource consent conditions. There were 164 (291) 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	2017/2018 actual performance	Programme	2017/2018 actual performance
[1] Resource management planning			
Complete preparation/full reviews and interim reviews of resource management policies, plans and strategies:		compliance with statutory timeframes, and the Council's <i>Resource Consents Procedures</i> document.	<i>Consents Procedures</i> document.
<i>Regional Policy Statement</i> : Interim review in 2016/2017. Full review in 2019/2020.	Completed the non-statutory five-yearly interim review of the <i>Regional Policy Statement</i> , which included targeted consultation.	Successfully defend 100% of consent decisions appealed to the Environment Court.	No (0) consent decisions were appealed to the Environment Court.
<i>Regional Coastal Plan</i> : Full review continued in 2017/2018. Interim review 2023/2024.	Coastal plan review ongoing with the <i>Proposed Coastal Plan</i> publicly notified February 2018.	Minimise the number and duration of resource consent hearings by resolving, through the pre-hearing process, at least 50% of submissions received on resource consent applications.	Resolved, through the pre-hearing process, 100%-8 (100%-5) of resource consent applications attracting submissions without recourse to a formal hearing. No (0) resource consent hearings. 24 out of 24 (8/8) submissions were resolved—100% (100%).
<i>Regional Air Quality Plan</i> : Interim review 2016/2017. Full review 2021/2022.	Completed the interim review of <i>Air Quality Plan</i> .		
<i>Regional Fresh Water and Land Plan</i> : Ongoing review 2019/2020.	Freshwater and soil plan reviews ongoing.		
[2] Consent processing and administration		[3] Compliance monitoring programmes	
Provide appropriate and timely information in response to 100% of requests for assistance in implementing <i>Resource Management Act 1991</i> plan rules.	Provided information, to assist processing 308 (263—2016/2017) consent applications, being 6 (0) publicly notified, 3 (9) limited notified and 299 (254) non-notified applications, in compliance with the <i>Resource Management Act 1991</i> .	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.	100% (100%) of individual compliance monitoring programmes (120 programmes, following amalgamation of some 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.
Process and determine 100% of accepted resource consent applications (approximately 400 consents per annum), in compliance with the <i>Resource Management Act 1991</i> , including	Of the 308 (264) applications, 100% (100%) were processed, issued and reported on in accordance with the statutory procedures of the Act, and the Council's <i>Resource</i>	Implement and report on 100% of recommendations arising from prior year's monitoring of resource consents subject to an individual compliance monitoring programme.	Within each annual report, recommendations from previous reports are set out and their implementation reported upon.

Programme	2017/2018 actual performance	Programme	2017/2018 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 164 (291) inspections of minor industrial operations ensuring good environmental practices. Only 5 (5) reinspections were required. Completed the annual inspection round of discharges of agricultural waste (100% of issued consents), including dairy, poultry and piggery farms—1,750 (1,775) were completed. The non-compliance rate (failure to meet consent conditions) was 7.7% (7.4%) for dairy farms. All poultry and piggery farms were compliant. 191 (131) dairy farm reinspections were undertaken to ensure full compliance. In total, 1,941 (1,906) inspections and reinspections were successfully undertaken.		prosecutions were initiated. One prosecution from 2015/16 and one from 2017/18 were resolved.
		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. One (0) minor marine oil spill occurred that warranted actioning the <i>Plan</i> . Undertook two regional marine oil spill response exercises and took part in the national marine oil spill Exercise Paihere.
[5] State of the environment monitoring			
		Implement and report on 100% of the Council's state of the environment monitoring programmes comprising monitoring of surface fresh water, levels and flows, fresh water quality, groundwater quantity and quality, coastal waters, biodiversity, air quality and land use sustainability using recognized and reputable methods of data collection, analysis and reporting in accordance with the Council's <i>State of the Environment Monitoring Procedures</i> document and <i>State of the Environment Monitoring Programmes</i> .	Implemented 100% (100%—2016/2017) 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</i> State of the Environment report 2015 was prepared in 2014/2015 and was released at the start of the 2015/2016 year.
[4] Pollution incidents and response			
Respond to all consent non-compliance and implement appropriate advisory and enforcement actions to require 100% compliance with resource consents and/or regional plans.	Responded to 222 consent non-compliances found during routine monitoring. Enforcement action was undertaken where necessary.		
Respond to 100% of pollution and other complaints (generally within four hours of receipt) and where appropriate instigate control, clean up and enforcement procedures, where reasonable and appropriate, and publicly report on all environmental incidents.	Responded to, and publicly reported upon, 414 incidents (545—2016/2017) with 100% (100%) within the required timeframe. Instigated control and clean-up where required. Enforcement action was undertaken, 200 (191) abatement notices and 67 (55) infringement notices were issued. Three (0)		

Programme	2017/2018 actual performance	Programme	2017/2018 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 2018/2019.		interpretation and analysis. A report from NIWA updating information on the state of, and trends in, the five best practice dairy catchments (May 2017) provided background to inform the ongoing 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 next state of the environment report.		
Maintain all quality assurance programmes and information databases for hydrometric, air quality, physicochemical freshwater, terrestrial biodiversity, fresh water biological and marine biological data. IANZ registration for chemical analysis maintained.	All quality assurance programmes and information databases for hydrometric, air quality, physicochemical freshwater, terrestrial biodiversity, fresh water biological and marine biological data, were maintained.	Continue to use microbial source testing technology to identify sources of faecal contamination in Taranaki waters.	Samples were collected from several catchments to determine sources of particular high count events. Predominantly bovine sources were identified.
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 37 hydrology sites (33), 28 (27) meteorology sites, 11 (11) soil moisture sites, 16 (16) freshwater sites, and 13 (10) marine bathing beach water quality sites.	Support studies into the behaviour and bioavailability of cadmium in agricultural soils and fertilizer.	As part of the Cadmium Working Group, contributed to studies into the bioavailability and behaviour of cadmium in soils, the variability and drivers of uptake of cadmium by various plant species and bioaccumulation in livestock and evidence for management options. Updates and progress reports on the results of these studies were received.

[6] Resource investigations and projects

Over the period of the 2015/2025 Long-Term Plan 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 2017/2018:

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
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Programme	2017/2018 actual performance	Programme	2017/2018 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- with regard to Taranaki case studies and relevance. EnviroLink projects underway:</p> <ul style="list-style-type: none"> • national high intensity rainfall modelling • water quality sampling standards • farm scale soil mapping • management options for aquatic weeds • fish passage and barrier mitigation assessment criteria • a review of marine recreational microbiological guidelines • eDNA for native fish monitoring • spectral analysis of coastal water quality <p>Worked with the Government to develop the <i>Conservation and environment</i> and the <i>Primary Sector Science roadmap 20-year science roadmap</i> projects.</p>	<i>Minimisation Strategy for Taranaki</i> , as well as the territorial authorities’ waste management and minimisation plans.	
[8] Sustainable land management plans and plant supply programme			
		Planning services. Provide property planning services to landholders. Prepare plans covering 1,000 ha of land use capability mapping in the hill country and 100 riparian plans in the intensive water management zone.	Prepared 6 (7—2016/2017) comprehensive farm plans and 2 agroforestry plans covering 1,089 (1,055) hectares of farmland for landholders. Prepared 101 (100) riparian plans covering 363 (524) kms of stream bank. 131 (208) kms of riparian management was proposed with the balance of 232 kms (315) being adequately protected.
		Monitoring and reporting. Liaise with and monitor approximately 2,600 riparian plans and 100 farm plans and report on the implementation of the recommended fencing and planting.	Contacted land occupiers with plans on 8,421 (8,413) occasions. Supplementary advice and information was provided. 8.4% (12.7%) or 202 (325) km of the remaining recommended fencing of stream bank was fenced and 6.6% (4.7%) or 233 (167) km of streambank have been planted. 4,752 (4,650) km of stream bank has been fenced and 2,787 km planted (2,554). 1,557 ha (2,785) of retired marginal land, and 219 ha (196) of established production forest were recorded. Across all plans, 55,489 ha (54,738) of marginal land has been retired and 11,806 ha (11,587) of production forest have been established.
[7] Waste minimisation			
In collaboration with the region’s territorial authorities, facilitate a regional approach to waste management initiatives and programmes at a policy, management and implementation level. This includes servicing the Taranaki Solid Waste Management Committee; delivery and monitoring of the <i>Waste Management and</i>	Continued to support a regional approach to waste minimisation including the facilitation of the Taranaki Solid Waste Management Committee.		

Programme	2017/2018 actual performance	Programme	2017/2018 actual performance
Provision of advice. When requested, provide advice on sustainable land management practices within ten working days.	Received and actioned, within 10 days, 106 (152) inquiries. Advice and assistance on sustainable land management, soil conservation and riparian management was provided.	[9] Biodiversity	
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".	Prepare at least 10 biodiversity plans per annum for properties containing key native ecosystems (KNE).	Fourteen (14— 2017/2018) new biodiversity plans were completed, with a further nine (9) five-year plan reviews completed.
Provide, on a cost-recovery basis, approximately 450,000 suitable plants for land stabilisation, soil conservation and riparian planting programmes.	Provided 441,308 (371,307) plants for sustainable land management purposes. Provided 10,741 (5,682) items of poplar and willow planting material to 152 (115) landholders. Provided 430,567 (363,525) plants at cost to 953 (952) landholders, to plant approximately 250 (200) kilometres of stream margins and supplied 1,445 (2,100) sand stabilisation plants targeting 3 (4) sites.	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% of plans prepared during the year.
Implement the South Taranaki and Regional Erosion Support Soil Conservation Programme including an estimated 4,000 poplar poles, 50ha of protection forestry and construction of 22 km of retirement fencing to retire 400 ha of marginal land.	Planted 4,100 (3,398) poles, 20.7 (40) ha of forestry and erected 18.5 (22.2) km of fencing to retire or protect 211.3 (204.3) ha of marginal land.	Undertake a trial programme to test large-scale predator suppression and eradication techniques across an entire catchment (the Waiwhakaiho). The trial will target possums, mustelids (weasels, ferrets and stoats), feral cats and rats.	Successfully bid for \$11.7 million funding from Predator Free 2050 Ltd a government owned company that provides funding to large scale predator projects. Actual field work will commence during the 2018/2019 year.
		[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 35 (33) regionally significant wetlands. This work means that 59 (59) wetlands are formally protected.

COSTS AND SOURCES OF FUNDS

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Expenditure			
Resource management planning	623,170	755,692	579,695
Consent processing and administration	857,906	980,640	823,424
Compliance monitoring programmes	3,083,445	2,705,280	3,020,264
Pollution incidents and response	897,531	999,369	888,729
State of the environment monitoring	2,325,093	2,072,511	2,071,851
Resource investigations and projects	283,581	410,116	217,578
Waste minimisation	103,404	137,216	128,235
Sustainable land management plans and plant supply programme	3,440,759	3,460,218	3,214,961
Biodiversity	1,475,772	1,829,105	1,337,303
Enhancement grants	647,533	705,733	642,442
Total expenditure	13,738,194	14,055,880	12,924,482
Income			
General rates	4,209,997	4,209,997	3,986,371
Direct charges	5,592,991	5,682,156	5,320,934
Government grants	309,196	302,000	285,113
Transfer to reserves	-	-	-
Investment funds	3,626,010	3,861,727	3,332,064
Total income	13,738,194	14,055,880	12,924,482
Operating surplus/(deficit)	-	-	-
Capital expenditure			
Land	-	-	-
Buildings	-	-	-
Motor vehicles	105,886	288,000	291,915
Plant and equipment	148,639	911,250	107,019
Office furniture	-	-	-
Computer equipment	-	-	-
Flood and river control assets	-	-	-
Computer software	-	-	-
Total capital expenditure	254,525	1,199,250	398,934
Funded by:			
Transfer from retained earnings	254,525	1,199,250	398,934
Total funding	254,525	1,199,250	398,934
Capital expenditure:			
—to meet additional demand	-	-	-
—to improve the level of service	-	-	-
—to replace existing assets	254,525	1,199,250	398,934
Total capital expenditure	254,525	1,199,250	398,934
Gross proceeds from the sale of assets	21,165	71,000	76,827
Depreciation/amortisation expense	440,615	506,334	444,935

ASSET ACQUISITIONS AND REPLACEMENTS

Asset purchases planned for the landscape predator control project did not occur. This expenditure was unspent as this has now been incorporated into the *Predator Free Taranaki Project* which commenced late in the financial year.

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.



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*.

Completed the formal review of the pest plant and pest animal strategies. The review included 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 programmes and activities relating to pest management, including non-regulatory activities. No appeals to the Environment Court were received. Both documents were adopted in February 2018.

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.

Following the success of a trial in the Kaupokonui catchment, control of old man's beard was expanded into the Waingongoro catchment with contractors undertaking the initial control of a further 12 kms of riverbank. The new *Regional Pest Management Plan for Taranaki* has reinstated the requirement for land occupiers to maintain the Kaupokonui, now initial control is complete.

There were no extensions of the *self-help possum control programme* as work concentrated on the retreatment of areas surrounding Egmont National Park in conjunction with the Department of Conservation's control operation within the Park. Contractors completed possum control over 5,850 ha reducing possum numbers to 3.02% and 2.70% residual trap catch rate across two contract areas.



The total number of properties in the *self-help possum control programme* is 4,086 covering 240,200 ha. Monitoring confirms that occupiers in the *self-help possum control programme* have been effective in maintaining reduced possum numbers in areas treated. The mean residual trap catch for properties monitored was 6.9% (below the target of 10%) significantly reducing the adverse effects of possums.

In May 2018, \$11.6m funding over five years was secured from Predator Free 2050 Limited, the government owned company set up to allocate funding towards the vision of New Zealand being predator free by 2050. Towards Predator Free Taranaki aims to reduce predator numbers to low levels over the next 10 years, with the long-term aim of testing the feasibility of eradication. The project builds on existing programmes through urban New Plymouth and the *self-help possum control programme* and helps to connect key native ecosystems together throughout

the landscape. In addition, the project will work with the Taranaki Mouna Project and the Department of Conservation to remove possums from the Kaitake range and surrounding farmland to the coast.

Technical support and planning assistance was provided to the Rotokare Scenic Reserve Trust, Tiaki Te Mauri o Parininihi Trust's project at Parininihi Whitecliffs and Purangi Kiwi. These Trusts have undertaken successful reintroductions of Hihi (stitchbird) and Kokako returning these taonga bird species to the region.

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 are in place, both most recently reviewed in 2007.</p>	<p>Pest management plan and strategy, delivering efficient and effective management of biosecurity functions, are in place in accordance with statutory requirements. A review of the strategies has been completed, which includes the public notification of a <i>Proposed Pest Management Plan for Taranaki</i> and a draft <i>Biosecurity Strategy for Taranaki</i>. No appeals to the Environment Court were received and both documents were adopted in February 2018.</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 2015/2016, the RTC was 6.13% across 235,464ha covered by the <i>self-help programme</i>.</p>	<p>The <i>self-help possum control monitoring programme</i> showed landholders maintained the possum population at a 6.9% (2017/2018—4.98%) 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. The slight increase was expected as properties have undertaken less intensive control due to previous low results.</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 2015/2016, there were 92 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 ninety nine (152—2016/2017) inspections were carried out on properties known to or suspected of having had an infestation. Direct control, where it was warranted, occurred on 199 (84) properties. Of those, 98 (62) properties around the region were treated for Mignonette Vine, 16 (9) properties for Climbing Spindleberry, 1 (1) property for Senegal Tea, 40 (12) properties for Giant Reed and 30 properties for Moth plant, a newly listed eradication pest plant.</p>
<p>Measure: The extent of "sustained control" pest plants.</p> <p>Target (Years 1-10): Reduce the extent of sustained control pest plants and the number of Category C properties requiring two or more inspections (because of significant pest plant compliance problems).</p> <p>Baseline: 186 Category C properties in 2015/2016.</p>	<p>Undertook a total of 2,212 (6,061) property inspections. Of these, 259 (354) related to Category C properties, including a targeted programme focusing on Giant Gunnera in the Oaonui catchment. The reduction in inspections is due to intensive searching for pest plants at specific locations. This has resulted in the targeted Old Man's Beard and Gunnera programmes achieving good reductions of these key pest species. There was also a focus on the review of the <i>Regional Pest Management Plan for Taranaki</i> and the development of <i>Towards a Predator Free Taranaki</i>.</p>

ACTIVITIES

Programme	2017/2018 actual performance	Programme	2017/2018 actual performance
[1] Biosecurity planning			
Undertake ten-yearly review of the <i>Pest Management Plan for Taranaki</i> in 2017/2018 and an interim review in 2022/2023.	Completed a formal review and adopted the <i>Pest Management Plan for Taranaki</i> that sets out the regulatory framework for pest management and the <i>Taranaki Regional Council Biosecurity Strategy</i> that sets out all the programmes and activities relating to pest management, including non-regulatory activities.	Inspection, monitoring and where necessary, enforcement of sustained control pest programmes.	Undertook 579 (604) inspections with results estimating possum populations maintained to acceptable levels: 6.9% (4.98%) residual trap catch rate across the <i>self-help possum control programme</i> . Undertook 2,212 (6,061) property inspections for pest plants, including a targeted programme focusing on Giant Gunnera in the Oaonui catchment. Issued 227 (83) Notices of Direction for sustained control pest programmes 16 (6) for possums and 211 (77) for plants. Undertook small scale control of unwanted plant organisms on 28 (50) occasions.
[2] Pest animal and pest plant management			
Dependent upon the review of the <i>Pest Management Plan for Taranaki</i> :			
Undertake operational programmes through both the <i>Pest Management Plan for Taranaki</i> : and the <i>Pest Management Strategy for Taranaki</i> , including	Provided property specific advice to landholders across the <i>self-help possum control programme</i> covering 4,086 (4,094) properties on 240,200 hectares (240,200). Completed possum control over 5,850ha surrounding Egmont National Park reducing possum numbers to 3.02% and 2.70% residual trap catch rate across two contract areas.	Raise public awareness of and respond to enquiries related to pest issues.	Responded to 124 (105) requests for advice and information. Received 420 (525) notifications providing advice and, where appropriate, undertaking control action. Undertook a publicity and education programme on pest plants.
Eradication of selected pest plants.	Undertook direct control on 199 eradication pest plant infestations. Continued control of Old Man's Beard in the Waingongoro catchment, treating 12 kilometres of riverbank. Made two (2) releases of control agents to control Japanese honeysuckle. Contributed to the Landcare biological control research programme.	Undertake direct control of pests within selected Key Native Ecosystems.	The owners of 97 (97) KNE's received practical and funding support, to assist in the set-up and maintenance of plant and animal pest control programmes to protect significant indigenous biodiversity.

COSTS AND SOURCES OF FUNDS

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Expenditure			
Biosecurity planning	57,975	47,756	50,388
Pest management	1,891,173	1,485,448	1,671,747
Total expenditure	1,949,148	1,533,204	1,722,135
Income			
General rates	796,288	796,288	727,847
Direct charges	88,910	106,500	200,223
Transfer from reserves	-	0	116,000
Transfer to reserves	(100,000)	(100,000)	-
Investment funds	1,163,950	730,416	678,065
Total income	1,949,148	1,533,204	1,722,135
Operating surplus/(deficit)	-	-	-
Capital expenditure			
Land	-	-	-
Buildings	-	-	-
Motor vehicles	268,791	32,000	69,428
Plant and equipment	23,243	12,500	1,305
Office furniture	-	-	-
Computer equipment	-	-	-
Flood and river control assets	-	-	-
Computer software	-	-	-
Total capital expenditure	292,034	44,500	70,733
Funded by:			
Transfer from retained earnings	292,034	44,500	70,733
Total funding	292,034	44,500	70,733
Capital expenditure:			
—to meet additional demand	-	-	-
—to improve the level of service	-	-	-
—to replace existing assets	292,034	44,500	70,733
Total capital expenditure	292,034	44,500	70,733
Gross proceeds from the sale of assets	38,696	8,000	38,304
Depreciation/amortisation expense	63,156	78,914	69,388

ASSET ACQUISITIONS AND REPLACEMENTS

The higher asset acquisitions than planned was due to motor vehicle replacements that had been deferred from previous years.

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 assisting the transport needs of the transport disadvantaged—refer to level of service 2.

Harbour management

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

TRANSPORT AND COMMUNITY OUTCOMES

The Transport group of activities contributes to community outcomes by contributing to an effective, efficient and safe land transport system in

the public interest by facilitating growth and economic development, reducing safety risk, maintaining and improving accessibility and public health, ensuring a regionally and nationally integrated transport network that is resilient and responsive and addresses these in an environment of constrained funding and affordability.

Specifically this group of activities contributes to the following community outcomes:

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

FURTHER INFORMATION ON POLICIES AND PROGRAMMES

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

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

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

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

- Mt Messenger Bypass project – consenting process under way for the preferred route (construction planned to start late 2018, with completion anticipated to be 2021)

- Awakino Tunnel Bypass project — on track for construction to start October 2018, with completion anticipated to be 2020
- Corridor-wide safety and resilience improvements – continued during the year.

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 Mt Messenger and Awakino Tunnel bypass projects reflect the value of working collaboratively on land transport issues.

No meetings were held during 2017/2018 year due to the consenting process timeframes for the Mt Messenger Bypass project. However, there has been continued support for the prioritisation of a stock truck

effluent disposal site being constructed on SH3 near Piopio and a replacement site in the Mt Messenger vicinity which addresses the capacity needs of the Ahititi stock truck disposal site.

Specific advocacy work has also continued to secure improvements to the Forgotten World Highway (SH43), including sealing of the remaining 12 kilometre section of unsealed state highway.

The *Regional Land Transport Plan* (RLTPlan) came into effect from 1 July 2015 and remained operative throughout the year. A mid-term review (for the 2018/2019 – 2020/2021 period) of the *Regional Land Transport Plan 2015-2021* commenced during the 2017/2018 year (as required by the *Land Transport Management Act 2003*), with a draft document consulted on during March/April 2018.

The RLTPlan is operative for a six-year period and has two parts – one relating to policy and strategy, the other to the programme matters of projects, funding, priorities and timing. The strategic direction component informs the projects and activities proposed for funding.

During the 2017/2018 year, two requests to make minor variations to the RLTPlan were received and approved as follows:

- from the NZ Transport Agency for the addition of a new project to enable a single phase business case to be undertaken during the year to determine the feasibility of surfacing the remaining 12km of State Highway 43
- from the New Plymouth District Council for the addition of a new project to enable KiwiRail to undertake level crossing improvements in the New Plymouth District (total estimated cost of \$230,000).

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, formal submissions were made on the:

- short-list of options being considered for the SH3 Awakino Gorge to Mt Messenger Programme (on behalf of the SH3 Working Party)
- NZ Transport Agency's draft State Highway Investment Proposal (SHIP 2018)
- Taranaki Regional Economic Development Strategy – feedback on potential projects for inclusion
- NZ Transport Agency's draft *Long-Term Strategic View*
- Mt Messenger Bypass project – on behalf of the SH3 Working Party

- Waikato Regional Council's draft 2018 Update to the *2015 Waikato Regional Land Transport Plan*
- Ministry of Transport's draft *Government Policy Statement on Land Transport 2018/19-2027/28* (GPS 2018)
- NZ Transport Agency's draft *Investment Assessment Framework for the 2018-21 National Land Transport Programme* (IAF 2018)

The region's public transport services continued with the Citylink (New Plymouth, Bell Block, Waitara and Oakura) service recording an increase in patronage of 1.7%. This equates to passenger usage of 591,142.

The Connector (Hawera to New Plymouth) recorded a slight increase of 0.8%, bringing patronage numbers to 30,303. WITT students and Taranaki District Health Board passengers made up 35% and 12% respectively of all passengers.

Of the three once-a-week Southlink (South Taranaki) services, one showed an increase in patronage whilst the other two recorded reduced numbers. Patronage on the Waverley to Hawera service was 1,223, a decrease of 13%. Opunake to Hawera (including Manaia to Hawera) patronage was 720, down 30% whilst the Opunake to New Plymouth patronage was 6,577, an increase of 5%.

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

Within the Total Mobility scheme 44,098 trips were made. This figure is up 15% on the 38,477 trips made in the previous year. It is the first time in 12 years that an increase has been recorded. The service continues to be well received by patrons. During the year, the new National Total Mobility Administration System, including photo ID/ electronic magnetic swipe cards to record client trips (through in-vehicle card readers), was successfully implemented. The Ironside Vehicle Society also continued to receive funding assistance. In total, 6,910 trips were carried out; an increase of 0.9%, with 5,436 (79%) 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. Media advertising campaigns were also conducted via cinema, radio, digital and on-bus.

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
[1] Land transport policies and activities that deliver efficient, effective and value for money transport solutions, land transport infrastructure and services for Taranaki	
<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 2015/2016-2020/2021</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 2017/2018-2020/2021, came into effect from 1 July 2015.</p>
[2] Provision and increasing use of public transport services	
<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>
[2] Provision and increasing use of public transport services	
<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 2015/2016, passengers on community passenger transport services in the region grew from 349,607 to 605,603 pa. In 2015/2016, 605,603 passengers were carried on the New Plymouth urban and community services.</p>	<p>There were 624,286 (2016/2017—614,815) passengers carried on the region's public transport services. This is an increase of 1.5% on 2016/2017.</p>
[3] Safe navigation for all users of the waters of Port Taranaki and its approaches	
<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 958 (2016/2017—880) vessel movements undertaken through Port Taranaki. No (0) significant incidents involving unsafe navigation practices were reported within Port Taranaki and its approaches. There was one was one minor incident involving a close quarters near miss situation between a local fishing vessel and inbound merchant vessel A new a Harbour Master was appointed.. The Harbourmaster is undertaking as thorough review of navigation safety.</p>

ACTIVITIES

Programme	2017/2018 actual performance	Programme	2017/2018 actual performance
<p>[1] Regional land transport planning</p> <p>Complete preparation/full reviews and interim reviews of the transport policies, plans and strategies:</p>		<p>Monitor the region's bus service contracts including patronage growth and fare box recovery. Monitor the commerciality ratio of the region's public transport services and publish the ratio annually.</p>	
<p>Review and make adjustments to the regional land transport plan, as required, in accordance with statutory requirements.</p>	<p>Two variations to the <i>Plan</i> were processed during the year. An <i>Annual Monitoring Report</i> was published in November 2017.</p>	<p>Patronage on the Citylink service was 591,142 (581,456) up 1.7%. Patronage on the Connector was 30,303 (30,071) up 1%. Waverley to Hawera down 13% with patronage of 1,223 (1,405). Opunake to Hawera down 30% with patronage of 720 (1,027). Opunake to New Plymouth up 5% with patronage of 898 (852). Farebox recovery for all services was 38.6% (37.8%). The commerciality ratio for the region's public transport services was 40% (41.2%).</p>	
<p>Complete a mid-term review of the <i>Regional Land Transport Plan 2015/16-2020/21</i> during 2017/2018.</p>	<p>The mid-term review was completed and adopted in June 2018.</p>	<p>Provide financial assistance to the Ironside Vehicle Society subject to funding eligibility criteria being met.</p>	
<p>Review and make adjustments to the <i>Transport Activity Procurement Strategy</i>, as required, in accordance with statutory requirements.</p>	<p>The regional component of the <i>Strategy</i> was implemented through a number of activities undertaken. These were regularly reported on.</p>	<p>Funding of \$54,000 (\$50,000) to the Ironside Vehicle Society for carriage of disabled persons in restricted areas.</p>	
<p>[2] Passenger transport</p>		<p>[3] Harbour management</p>	
<p>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.</p>	<p>Provided Total Mobility Scheme services to the targeted areas—44,098 (38,477—2016/2017) passenger trips were made. An additional 6,910 (6,850) trips were made by the Ironside Vehicle Society.</p>	<p>Provide harbourmaster and harbour warden services for Port Taranaki and implement the <i>Navigation Bylaw for Port Taranaki and Approaches</i>. No significant breaches of the requirements of the <i>New Zealand Port and Maritime Safety Code</i>, including the <i>Port Taranaki Harbour Safety Management System</i>.</p>	
<p>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.</p>	<p>Passenger transport services in New Plymouth urban areas and regional Taranaki were operated consistent with the <i>Regional Public Transport Plan</i>.</p>	<p>External arrangements in place for harbourmaster services. There were 958 (880—2016/2017) vessel movements. No (0) unsafe navigation practices were reported. There was one minor incident involving a close-quarters near miss. The <i>Navigation and Safety Bylaws for Port Taranaki and its Approaches</i> continues to be enforced. There were no significant breaches of the <i>Port Taranaki and Harbour Safety Management System (HSMS)</i>. The HSMS was reviewed.</p>	

COSTS AND SOURCES OF FUNDS

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Expenditure			
Regional land transport planning	131,267	145,419	114,889
Passenger transport	4,005,036	3,851,430	3,762,180
Harbour management	38,774	33,500	33,504
Total expenditure	4,175,077	4,030,349	3,910,574
Income			
General rates	146,089	146,089	149,796
Targeted rates	858,207	858,207	850,272
Direct charges	1,088,030	1,149,360	1,095,247
Government grants	1,866,109	1,705,987	1,647,887
Government grants – for capital	85,639	-	21,853
Transfers from reserves	40,000	40,000	40,000
Transfers to reserves	(3,367)	(3,297)	(5,551)
Investment funds	180,009	134,003	132,923
Total income	4,260,716	4,030,349	3,932,427
Operating surplus/(deficit)	85,639	-	21,853
Capital expenditure			
Land	-	-	-
Buildings	-	-	-
Motor vehicles	21,140	-	21,148
Plant and equipment	136,371	-	173
Office furniture	-	-	-
Computer equipment	-	-	-
Flood and river control assets	-	-	-
Computer software	15,000	-	-
Total capital expenditure	172,511	-	21,321
Funded by:			
Transfer from retained earnings	172,511	-	21,321
Total funding	172,511	-	21,321
Capital expenditure:			
—to meet additional demand	-	-	-
—to improve the level of service	-	-	-
—to replace existing assets	172,511	-	21,321
Total capital expenditure	172,511	-	21,321
Gross proceeds from the sale of assets	14,348	-	5,655
Depreciation/amortisation expense	5,876	16,000	5,170

ASSET ACQUISITIONS AND REPLACEMENTS

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

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 Plans (2012 and 2018)
- Taranaki Civil Defence Emergency Management Annual Business Plans
- Soil Conservation and Rivers Control Act 1941
- Resource Management Act 1991
- Land Drainage Act 1908
- Lower Waitara River Flood Control Protection Scheme asset management plan
- Lower Waiwhakaiho Flood Control Protection Scheme asset management plan
- Okato Scheme asset management plan.

Civil defence emergency management (CDEM) in Taranaki is delivered through a single organisational CDEM Group (CDEMG) structure. The region's four councils form the Group, which is supported by a number of advisory and co-ordination groups and the Co-ordinating Executive Group (CEG), comprising staff representatives of the local authorities, emergency services, Health Board, and the advisory groups. The four key areas of activity are hazard identification and risk reduction, community readiness, response capability and delivery, 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 include 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* was reviewed during 2017/2018, as required by statute, and a new *Plan* came into effect at the end of the year.

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. A new flood protection scheme has also been constructed to protect Opunake Township.

All schemes were maintained to their design standards.

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

The Lower Waitara River Flood Control Scheme provides 1% Annual Exceedance Probability (AEP) flood protection (1 in 100-year) to the businesses and

residents in the area included within the scheme with an allowance for the effects of climate change to 2065. This is a very high level of protection, consistent with similar areas across New Zealand.

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

Ongoing monitoring was undertaken on the Stony River in the vicinity of the SH45 Bridge to ensure that the river remained in a central alignment that facilitated gravel transport and prevented land erosion. No work was required this financial year.

Minor works were undertaken on the Kaihihi Stream to control the channel alignment and prevent erosion.

In response to flooding in Opunake township in 2015, flood protection options were investigated and implemented in partnership with the South Taranaki District Council to construct a flood diversion scheme. The Opunake Flood Protection Scheme was completed in 2018 and provides 1% Annual Exceedance Probability (AEP) flood protection (1 in 100-year) to the businesses and residents in the area included within the scheme with an allowance for the effects of climate change to 2065. This is a very high level of protection, consistent with similar areas across New Zealand.

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 (CDEM) 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: Review of the <i>Civil Defence Emergency Management Group Plan for Taranaki 2012-2017</i> is to be completed in 2017. The <i>Plan</i> will be reviewed in 2022.</p>	<p>Programmes providing and resourcing administration and community engagement, and lifting levels of equipment, resourcing, and training within the EOC and community centres, as set out in the current Group Plan, and planning functions including the Group Plan review were implemented during 2017/2018 as planned and resourced. The <i>Civil Defence Emergency Management Group Plan 2012-2017</i> was in effect throughout the year, while a statutory review was in effect. The functions and structures of the Group and the roles and responsibilities of its members were reviewed. 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. The new <i>Plan</i> was adopted at the end of the year, as was a budget and work plan for 2018/2019.</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 work plan and budget for 2017/2018 was implemented. The plan and budget for 2018/2019 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. Processes are underway for new appointments for Recovery Manager and Welfare Manager.</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>MCDEM scored the Group's readiness and response capability (2014/2015) above the designated MCDEM target. Arrangements for Group office resourcing and local CDEM delivery of response and recovery are described in the notified new proposed Group Plan. Training for volunteers and member councils continued as a priority. The work plan for 2017/2018 included a lifelines inter-vulnerability study; community preparedness planning; strategic recovery planning for eventual incorporation in Group Plan; auditing and maintenance of ECC (regional) systems and resources and development of EOC (local) systems including updates of Standard Operating Procedures for commonality, equipment and facilities, resourcing and records; and new public alerting systems and protocols.</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

Response and recovery protocols and personnel are in place. Utilisation of social media increased with evidence of greater recognition and utilization by the regional community. The new *Group Plan* requires strategic recovery planning. The CDEM work plan prioritises the appointment and training of Group (existing) and local (new) controllers and recovery managers. A public emergency alerting protocol and technology at national and regional levels is now in effect. CDEM responded to severe weather alerts/warnings, Cyclones Fehi and Gita and a local tornado. Debriefs have identified corrective actions around procedures and equipment for future implementation.

[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 2016, the Waitara and Waiwhakaiho flood control schemes were maintained to their full service potential. The Waitotara and Okato river control schemes were maintained to the standard set out in their scheme management plans.

All schemes were maintained to their full service potential. Maintenance works on the Waiwhakaiho and Waitara River Schemes included the regular stopbank and berm mowing and the clearance of excess vegetation from the flood fairway. All floodgates were inspected regularly to ensure they will operate effectively when required. Erosion control works were undertaken on the Waiwhakaiho Scheme. 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 monitoring was undertaken on the Stony River downstream of the SH45 Bridge to monitor the build-up of heavy gravel deposits and to respond as necessary. Channel clearing works and erosion control works were also undertaken on the Kaihihi Stream. The Opunake Flood Protection Scheme was designed and constructed.

[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 2015/2016, the Council issued warnings in 100% of cases.

Accurate and timely flood warnings were issued on 5 occasions where the monitoring of river levels indicated that flood warnings were necessary (8 in 2016/2017). This provided timely warnings to allow for the protection of people and property.

ACTIVITIES

Programme	2017/2018 actual performance	Programme	2017/2018 actual performance
<p>[1] Civil defence emergency management</p>			
Prepare, implement, monitor and report upon the <i>Taranaki Civil Defence Emergency Management Annual Business Plan</i> .	The <i>2017/2018 Annual Business Plan for Taranaki Civil Defence and Emergency Management (CDEM)</i> was implemented. The work plan and budget for 2018/2019 was prepared and adopted.	Effectively monitor rainfall and river levels and issue timely flood warnings. Maintain continuous monitoring systems (100% functional) and issue timely warnings for all cases, where necessary, in accordance with the <i>Flood Event Standard Operating Procedure</i> (approximately 35 warnings per annum).	Received 62 special weather watches and warnings from the MetService (63 in 2016/2017). In all instances, flood monitoring was undertaken in accordance with the <i>Flood Event Standard Operating Procedure</i> and in 5 cases, flood warnings were issued (8).
Implement, monitor and report upon the <i>Civil Defence Emergency Management Group Plan for Taranaki 2017</i> , and draft, and notify the next <i>Plan</i> in 2022.	The <i>2017/2018 Annual Business Plan</i> , giving effect to the current Group Plan, was delivered and reported on an on-going basis. The <i>Group Plan</i> review, covering hazard and risk identification and prioritization, readiness, response preparation, recovery planning, and governance and structure, was completed during the year and a new Group Plan is now in effect..	Undertake minor emergency river and flood control works when necessary.	No (0) emergency works were required.
Maintain, review, and as needs be, implement effective response and recovery procedures to minimise harm or damage to people and property arising from emergency events.	Response and recovery personnel and protocols were in place throughout the year. During the year CDEM responded to numerous severe weather alerts/warnings, and Cyclones Fehi and Gita and a local tornado required responses at Group level. Debriefs reviewing performance have identified corrective actions around procedures and equipment for future implementation. Processes for appointments at local level have been initiated.	Respond to 100% of requests for drainage, river and flood control advice and assistance within ten working days.	Investigated and responded to 34 (20) requests for advice all within ten working days.
		Facilitate river control projects for the environmental enhancement of the region's waterways.	Twenty-three (14) river control projects were undertaken for environmental enhancement.
<p>[2] Flood management and general river control</p>		<p>[3] River control schemes</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.	All schemes were maintained to design standards. Maintained stopbanks and berm areas by mowing, weed control and the clearance of larger vegetation within the flood fairway. Erosion control works. Willow and poplar clearing works undertaken on the Waitotara River to maintain the capacity of the flood channel. Channel and erosion control works undertaken on the Okato Scheme.

Programme	2017/2018 actual performance
Manage other minor river schemes to standards as agreed with scheme participants.	No work was required on minor schemes.
Implement the rural component of an Opunake Flood Control Scheme. The rural component of the Scheme will divert floodwaters from the Hihiwera Stream to the Otahi Stream and the Waiaua River. An urban component will be designed and implemented by the South Taranaki District Council. The scheme is designed to protect Opunake from a 1% Annual Exceedance Probability (one-in-100-year) flooding event.	The rural component of the Opunake Flood Protection Scheme has been constructed and is operational.



COSTS AND SOURCES OF FUNDS

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Expenditure			
Civil defence emergency management	1,123,427	1,042,967	721,234
Flood management and general river control	250,447	247,856	318,199
River control schemes	241,779	261,859	251,347
Total expenditure	1,615,653	1,552,682	1,290,780
Income			
General rates	136,980	136,980	293,616
Targeted rates	700,454	700,454	662,877
Direct charges	954,013	965,858	476,291
Government grants	11,500	-	519
Transfers from reserves	18,937	-	19,027
Transfers to reserves	(65,953)	(44,672)	(54,681)
Investment funds	191,308	125,648	209,745
Total income	1,947,239	1,884,268	1,607,394
Operating surplus/(deficit)	331,586	331,586	316,614
Capital expenditure			
Land	-	-	-
Buildings	-	-	-
Motor vehicles	37,728	70,000	31,209
Plant and equipment	3,710	4,000	6,832
Office furniture	756	-	755
Computer equipment	9,741	-	-
Flood and river control assets	246,887	600,000	173,661
Computer software	-	-	-
Total capital expenditure	298,822	674,000	212,457
Funded by:			
Transfer from retained earnings	298,822	674,000	212,457
Total funding	298,822	674,000	212,457
Capital expenditure:			
—to meet additional demand	-	-	-
—to improve the level of service	246,887	600,000	173,661
—to replace existing assets	51,935	74,000	38,796
Total capital expenditure	298,822	674,000	212,457
Gross proceeds from the sale of assets	218,325	-	4,130
Depreciation/amortisation expense	38,160	53,086	44,808

ASSET ACQUISITIONS AND REPLACEMENTS

The Opunake Flood Protection Scheme was substantially completed. The final cost was \$246,887, which was less than the \$600,000 budget.

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:

	2017/2018 Actual \$	2016/2017 Actual \$
Closing book value	12,603,270	12,513,720
Acquisitions constructed by the Council	24,258	-
Acquisitions transferred to the Council	-	-
Estimated replacement cost	12,603,270	12,513,720

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.

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Opening balance	4,578,093	4,448,451	4,514,293
Plus borrowed during the year	151,766	342,500	131,160
Less principal repaid during the year	74,691	74,086	67,360
Closing balance	4,655,168	4,716,865	4,578,093
Interest charged during the year	314,152	311,412	304,954

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

Puke Ariki

—maintaining an ongoing partnership 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
- Tūpare 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 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 is designed to maintain Yarrow Stadium as a premier regional sports and events venue.

Yarrow Stadium hosted an All Blacks test match against Argentina in September 2017. This was the operational highlight of 2017/2018. The remainder of the year has been spent addressing issues arising from earthquake assessments of the stands that indicated that they are earthquake prone buildings.

The response to the earthquake assessments was, first and foremost, to protect public safety for patrons and staff. This involved closing both stands for all use. After that, the focus has been on getting the Stadium operational again before the process of determining the required remedial works occurs. Throughout this process, the exploration of issues of liability will continue.

Yarrow Stadium is well regarded nationally and internationally and, as such, both the Council and Taranaki Stadium Trust are committed to getting Yarrow Stadium fully operational as soon as is practicable.

REGIONAL GARDENS

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

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

A new Lodge was constructed to provide a new complementary destination for community activities including a place to relax and learn about the garden and cultural history of Pukeiti, a venue for public and private events and a base for members of the Pukeiti Rhododendron Trust

Other development works included:

- installation of the Valley of the Giants story panels
- completion of the landscaping and planting of the new covered areas around the Rainforest Centre.

The rhododendron collection continued to be enhanced with regular bush margin clearance, new plant introductions and regular pruning and shaping. Pukeiti houses 1,283 different types of rhododendrons, including different subspecies, varieties and forms. Fifty new species or cultivars were added to the collection and 225 different types have been propagated from our own collection. Eleven different rhododendron were removed or lost from the collection.

Tūpare was maintained to the standard established in the asset management plan and continues to maintain a high standard of craft, care and plantsmanship.

Hollard Gardens was maintained to the standard established in the asset management plan and continues to consolidate as a quality community asset for the outlying districts and beyond.

Hollard Gardens and Tūpare both experienced a solid increase in visitor numbers with Hollard Gardens going from 18,175 last year to 19,985 visitors and Tūpare growing to 38,239 visitors from 35,810. Pukeiti numbers dramatically increased from 29,109 to 82,887.

PUKE ARIKI

The partnership with Puke Ariki allows for the presentation of educational and information material of relevance to the Council as well as contributing to the successful presentation of Puke Ariki. The partnership contributed towards four projects: *Permian Monsters – Life before the Dinosaurs*, a very popular interactive exhibition; *Refresh of the conservation component of Taranaki Naturally Gallery* which focusses on the Purangi Kiwi Project and Taranaki Mouna Project; *Taranaki Theatre Experience*, a multisensory state of the art production and *Aotea Utanganui Museum of South Taranaki* to support the development of the exhibition *The Big Bang: natural disasters 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	Reported level of service
[1] Tūpare, Hollard Gardens and Pukeiti recognised as regionally or nationally significant gardens	
<p>Measure: Maintenance and enhancement of three regionally significant gardens.</p> <p>Target (Years 1-10): Pukeiti, Tūpare and Hollard Gardens maintained and enhanced in accordance with the provisions of the adopted asset management plans.</p> <p>Baseline: The three properties are maintained to the latest adopted asset management plan. Latest asset management plans were adopted in 2014.</p>	<p>All three regional gardens were maintained and enhanced in accordance with their adopted asset management plans.</p>
<p>Measure: Level of use of Tūpare, Hollard Gardens and Pukeiti.</p> <p>Target (Years 1-10): Increasing the number of visitors and the number of events at each property.</p> <p>Baseline: In 2015/2016, Tūpare attracted 32,926 visitors, Hollard Gardens 16,030 and Pukeiti 29,481 visitors. There were 49 events at Tūpare, 80 at Hollard Gardens and 23 at Pukeiti. All three properties were part of the <i>Powerco Taranaki Garden Spectacular</i>.</p>	<p>Tūpare attracted approximately 38,239 visitors (35,810 – 2016/17 with Hollard Gardens attracting approximately 19,985 (18,175) and Pukeiti 82,887 (29,109). There were 40 (54) events at Tūpare, 61 (79) at Hollard Gardens and 26 (11) at Pukeiti.</p>
<p>Measure: Access to Tūpare, Hollard Gardens and Pukeiti.</p> <p>Target (Years 1-10): Tūpare, Hollard Gardens and Pukeiti open to the public between 9am to 5pm seven days a week with free general access.</p> <p>Baseline: Tūpare and Hollard Gardens have been open in this way since 2002. Free access to Pukeiti commenced from 1 July 2010.</p>	<p>The gardens were open to the public daily. Entry was free to all three properties.</p>
[2] Partnership relationship with the Puke Ariki regional museum and library	
<p>Measure: Annual project for the delivery of display and presentation material.</p> <p>Target (Years 1-10): Delivery of an annual project.</p> <p>Baseline: In 2015/2016, the ongoing partnership relationship with Puke Ariki contributed towards four projects: <i>Sunlight – Ihi Kōmaru</i>, a touring interactive exhibition which showed how light shapes the world around us; <i>STORY app</i>, a mobile app which adds a digital story-telling dimension to the Taranaki Naturally Gallery and Tūpare; and the <i>TRC events programme</i>. Funding of \$25,000 was invested in the <i>Aotea Utanganui Museum of South Taranaki</i> to support the development of an exhibition focusing on parks and recreation in South Taranaki.</p>	<p>The ongoing partnership relationship with Puke Ariki continued. The partnership contributed towards four projects: <i>Permian Monsters – Life before the Dinosaurs</i>, a very popular interactive exhibition; <i>Refresh of the conservation component of Taranaki Naturally Gallery</i> which focusses on the Purangi Kiwi Project and Taranaki Mounga Project; <i>Taranaki Theatre Experience</i>, a multisensory state of the art production (funding carried over to 2018/2019) and <i>Aotea Utanganui Museum of South Taranaki</i> to support the development of the exhibition <i>The Big Bang: natural disasters in South Taranaki</i>.</p>



Programmed level of service

Reported level of service

[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.

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 2015/2016.

Yarrow Stadium hosted an All Blacks test match against Argentina in September 2017. This was the operational highlight of 2017/2018. The remainder of the year has been spent addressing issues arising from earthquake assessments of the stands that indicated that they are earthquake prone buildings.

The response to the earthquake assessments was, first and foremost, to protect public safety for patrons and staff. This involved closing both stands for all use. After that, the focus has been on getting the Stadium operational again before the process of determining the required remedial works occurs. Throughout this process, the exploration of issues of liability will continue.

ACTIVITIES

Programme	2017/2018 actual performance	Programme	2017/2018 actual performance
<p>[1] Regional gardens</p> <p>Provide three regional gardens (Tūpare, 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 Tūpare open till 8pm during daylight saving hours.</p>		<ul style="list-style-type: none"> investigating further recreational opportunities. 	
<p>Encourage the increased use of the regional gardens by the community for recreational purposes and for specific events.</p>		<p>Review and adopt asset management plans for Tūpare, Hollard Gardens and Pukeiti by 31 October 2017.</p>	
<p>Continue implementing the Pukeiti asset management plans focusing on completing the upgrade works at Pukeiti. Priority tasks to be completed include:</p> <ul style="list-style-type: none"> rebuilding the Lodge and surrounds enhancing the garden and the rhododendron collection, including development of the weka wetland and children's activities continuing the implementation of the plant collection plan refurbishing the plant borders upgrading the outer ring tracks completing the upgrade of the Rain Forest Centre 		<p>All three asset management plans were revised and adopted in 2017/2018. The next review of the plans will occur in 2020/2021.</p>	
<p>Tūpare attracted 38,239 visitors (35,810—2016/2017) with Hollard Gardens attracting 19,985 (18,175) and Pukeiti 82,887 (29,109). There were 40 (54) events at Tūpare, 61 (79) at Hollard Gardens and 26 (11) at Pukeiti.</p>		<p>[2] Puke Ariki</p> <p>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.</p>	
<p>A comprehensive upgrade programme is in progress. The following works were undertaken:</p> <ul style="list-style-type: none"> enhancement of the rhododendron collection through bush margin clearance, story panels and seasonal plant husbandry construction and fit out of a new lodge refurbishment of areas affected by the developments as built structures are completed construction of a new treehouse in the Valley of the Giants completion of the Valley of the Giants story panels construction started on the weka wetland landscape installation. 		<p>The ongoing partnership relationship with Puke Ariki continued. The partnership contributed towards four projects: <i>Permian Monsters – Life before the Dinosaurs</i>, a very popular interactive exhibition; <i>Refresh of the conservation component of Taranaki Naturally Gallery</i> which focusses on the Purangi Kiwi Project and Taranaki Mounga Project; <i>Taranaki Theatre Experience</i>, a multisensory state of the art production (funding carried over to 2018/2019) and <i>Aotea Utanganui Museum of South Taranaki</i> to support the development of the exhibition <i>The Big Bang: natural disasters in South Taranaki</i>.</p>	

Programme	2017/2018 actual performance
[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.
Undertake asset management planning for the future maintenance, enhancement and development of Yarrow Stadium.	Asset management planning for Yarrow Stadium is on hold while issues arising from earthquake assessments of the stands, that indicated that they are earthquake prone buildings, are attended to.
Provide regional funding for the future maintenance, enhancement and development of Yarrow Stadium.	Provided regional funding to the Taranaki Stadium Trust for long-term maintenance and development at Yarrow Stadium. Funding has been used to attend to issues arising from earthquake assessments of the stands that indicated that they are earthquake prone buildings. The focus has been on getting the Stadium operational again.



TARANAKI STADIUM TRUST

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

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

This partnership for funding and operating, maintaining and developing is designed to maintain Yarrow Stadium as a premier regional sports and events venue.

Yarrow Stadium hosted an All Blacks test match against Argentina in September 2017. This was the operational highlight of 2017/2018. The remainder of the year has been spent addressing issues arising from earthquake assessments of the stands that indicated that they are earthquake prone buildings.

The response to the earthquake assessments was, first and foremost, to protect public safety for patrons and staff. This involved closing both stands for all use. After that, the focus has been on getting the Stadium operational again before the process of determining the required remedial works occurs. Throughout this process, the exploration of issues of liability will continue.

Yarrow Stadium is well regarded nationally and internationally and, as such, both the Council and Taranaki Stadium Trust are committed to getting Yarrow Stadium fully operational as soon as is practicable.

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 2017/2018.

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 2016/2017 to 30 June 2025. The Taranaki Regional Council provided the annual funding of \$876,000 to the Taranaki Stadium Trust.

Asset management planning for Yarrow Stadium is on hold while issues arising from earthquake assessments of the stands, that indicated that they are earthquake prone buildings, are attended to. Funding has been used to attend to issues arising from earthquake assessments of the stands. The focus has been on getting the Stadium operational again.

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

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Expenditure			
Regional gardens	2,621,182	2,477,947	2,328,714
Puke Ariki	150,000	150,000	150,000
Yarrow Stadium	876,000	876,000	876,000
Total expenditure	3,647,182	3,503,947	3,354,714
Income			
General rates	1,588,231	1,588,231	1,601,390
Targeted rates	306,871	306,871	307,454
Direct charges	285,181	152,000	181,605
Investment funds	1,466,899	1,456,845	1,264,265
Total income	3,647,182	3,503,947	3,354,714
Operating surplus/(deficit)	-	-	-
Capital expenditure			
Land	-	-	-
Buildings	1,635,670	1,162,000	2,269,721
Motor vehicles	103,387	40,000	40,188
Plant and equipment	147,329	24,000	41,779
Office furniture	-	-	-
Computer equipment	2,309	-	-
Flood and river control assets	-	-	-
Computer software	2,334	-	-
Total capital expenditure	1,891,029	1,226,000	2,351,688
Funded by:			
Transfer from retained earnings	1,891,029	1,226,000	2,351,688
Total funding	1,891,029	1,226,000	2,351,688
Capital expenditure:			
—to meet additional demand	-	-	-
—to improve the level of service	-	-	-
—to replace existing assets	1,891,029	1,226,000	2,351,688
Total capital expenditure	1,891,029	1,226,000	2,351,688
Gross proceeds from the sale of assets	759	8,000	4,350
Depreciation/amortisation expense	299,357	445,827	283,681

ASSET ACQUISITIONS AND REPLACEMENTS

The development of Pukeiti Gardens has continued, with some of the asset funding being carried forward from previous years. Asset acquisitions includes the spend on a number of projects including the new Lodge, landscaping improvements, story panels, Valley of the Giants treehouse and the Weka wetland landscape project.

INTERNAL BORROWING

There is no internal borrowing within this group of activities.

Regional Representation, Advocacy & 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.

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

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 regional community and providing information to facilitate community engagement.

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



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

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

With respect to the Council-owned port company, Port Taranaki Ltd, processes were maintained to enable the company to operate efficiently as a successful business. The medium to long-term viability and profitability of this regionally significant asset is looking favourable. Recent performance of the region's port company has been good. Dividends of \$5.46m were received.

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

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

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

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

- publishing five editions of Council newsletters
- working with 212 classes involving 6,543 students, including class visits, field trips and the Pukeiti Rainforest School
- holding 38 staff meetings in addition to the distribution of additional resources to teachers.

Sixteen environmental awards were presented in November 2017.

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

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

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

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

LEVELS OF SERVICE

Programmed level of service	Reported level of service
[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 documents have been prepared within statutory timeframes.</p>	<p>Statutory planning and reporting accountability documents have all been prepared within <i>Local Government Act 2002</i> requirements and timeframes. The <i>2016/2017 Annual Report</i> was adopted on 18 September 2017. The <i>2018/2018 Long-Term Plan Consultation Document</i> and supporting documentation were adopted on 20 February 2018. Following public consultation and engagement, the <i>Long-Term Plan</i> was adopted on 15 May 2018.</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 are conducted every three years – There has been no need to re-conduct any election.</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: Meetings are conducted in accordance with <i>Standing Orders</i>, agendas are publicly available before meetings and minutes are prepared 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 2015/2016, 19 submissions were made with anecdotal evidence of successful advocacy.</p>	<p>Made 24 (31) 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: submissions on the Mt Messenger and Awakino Tunnel bypass projects, input into the Office of the Auditor General's audit of freshwater quality management and a response to the New Zealand productivity Commission's draft report on a low-emissions economy.</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: In 2012, the estimated Port dependent activity contributed \$465m to regional gross domestic product (GDP) and employed 1,270 full time equivalents. Industries utilizing the Port contributed \$2.5b to regional GDP and employed 11,700 FTEs.

The contribution to the wider community was measured by BERL (independent economists) in 2007, 2012 and 2017. Allowing for flow-on effects, the port's operations are estimated to generate \$28 million in value added (GDP) in 2017/2018. They also generate 319 full-time equivalent jobs (FTEs). The port's important enabling role can be seen from the estimates that its users and service providers are likely to generate \$353 million in value added (GDP) the current year, and 929 FTEs.

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 performance is reviewed, against the statement of corporate intent twice a year.

Port Taranaki Ltd's performance was reviewed when considering their 2016/2017 Annual Report at the Ordinary Meeting on 18 September 2017. The half-year results to 31 December 2017 were reviewed and considered on 10 April 2018. Performance against standards set in the statement of corporate intent is reported in this annual report.

[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: Total investment returns from property and treasury investments in 2015/2016 were interest \$665,731 and lease rent \$858,115. These returns were used to reduce the general rate requirement.

Total investment returns from property and treasury investments were interest \$398,416 (\$527,175 — 2016/2017) and lease rent \$894,520 (\$861,412). This represented a 6.9% (8.9%) decrease over last year. These returns were used to reduce the general rate requirement.

ACTIVITIES

Programme	2017/2018 actual performance	Programme	2017/2018 actual performance
[1] Investment management		[2] Community engagement	
Consider Port Taranaki's annual statement of corporate intent and monitor performance against established targets.	The statement of corporate intent for 2017/2020 was considered on 15 August 2017. Port Taranaki Ltd's performance was reviewed when considering their <i>2016/2017 Annual Report</i> on 18 September 2017. The half-year results to 31 December 2017 were considered on 10 April 2018.	Engage with the community across a range of channels including print and digital publications, news media, websites, mobile and social media. Produce regular editions (4 per annum) of the <i>Recount</i> newsletter to over 1,000 stakeholders through a range of channels.	Ongoing engagement with the regional community occurred across the range of communications channels. One issue of <i>Recount</i> and four issues of the new Council newsletter <i>Talking Taranaki</i> were published in print, online and email. The website continues to be developed and the social media presence increased.
Appoint Directors at Port Taranaki Ltd's annual general meeting and at other times as required.	Messrs Crough and MacLeod were reappointed at the 22 September 2017 AGM of Port Taranaki Ltd. Mrs Kathy Meads was appointed to the Board on 12 December 2017.	Implement the Council's environmental awards programme.	Sixteen (15) environmental awards were presented in November 2017.
Undertake on-going liaison with port company directors and management.	Regular formal and informal briefings and discussions occurred between the Board and the Council.	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 212 (241) class visits involving 6,543 (8,001) students. These included 15 (13) groups involving 363 (317) students to the Pukeiti Rainforest School. 38 (17) staff meetings were facilitated.
Manage and, where appropriate, divest leasehold land in accordance with the Council's <i>Investment Policy</i> .	Renewed 2 leases (2—2016/2017). No (0) leasehold property was divested during the year. Achieved a 5.15% (5.17%) return from leasehold land rentals.		
Manage and maximise returns from treasury investments in accordance with the <i>Investment Policy</i> .	All treasury investments were in accordance with the Council's <i>Investment Policy</i> . Achieved a 4.05% (4.72%) return from treasury investments.		

Programme	2017/2018 actual performance	Programmes and performance measures set in Port Taranaki Ltd's statement of intent	2017/2018 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 24 (31), submissions which involved complex documents requiring thorough analysis and careful and considered response.	Trade Volumes: The Company will pursue strategies that maximise the opportunity for trade through the Port and grows the Port's hinterland. Over the next three financial years the Company aims to expand its hinterland and achieve a trade volume of five (5) million freight tonnes of which one (1) million freight tonnes will be non-bulk liquids trade.	Total: 5.14m (2016/2017—5.08m) Non-liquid bulk: 1.51m
[4] Governance			
Complete statutory 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.	Statutory planning and reporting accountability documents have all been prepared within <i>Local Government Act 2002</i> requirements and timeframes. The <i>2016/2017 Annual Report</i> was adopted on 18 September 2017. The <i>2018/2018 Long-Term Plan Consultation Document</i> and supporting documentation were adopted on 20 February 2018. Following public consultation and engagement, the <i>Long-Term Plan</i> was adopted on 15 May 2018.	Financial: EBITDA on average total assets (Target >10.5%)	11.9% (10.3%)
		Financial: Return (NPAT) on average total assets (Target >4.2%)	4.3% (3.9%)
		Financial: Return (NPAT) on average shareholder's funds (Target >6.0%)	5.9% (5.3%)
		Financial: Equity Percentage (Target 65.0%)	73.2% (74.0%)
		Financial: Interest Coverage Ratio (Target >5x)	11.3x (16.1x)
		Environment: Incidents of Harbour Pollution (Target Nil)	Nil (Nil)
		Environment: Compliance with all resource consents (Target Yes)	Yes (Yes)
Preparation of agendas and minutes and the conduct of meetings in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i> .	Agendas are publicly available at least 48 hours before each meeting and minutes are prepared and adopted for all meetings.		

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
RSHL Advisory Group meets regularly and is effective (self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group).

A robust and consistent process operates to develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects.

Comment
Achieved: The Advisory Group (AG) has continued to operate in an effective and constructive manner throughout the year, and in line with the expectations in the Terms of Reference. The AG met every month by video conference. Four in-person meetings were also held across the year.

Achieved: The major enhancements roadmap for 2016/2017 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
Major Enhancement projects identified on the Annual Roadmap are completed on time and within budget.

Budgets and processes for support and minor enhancements are effectively managed. (Assessed by the Advisory Group).

User (non-IT) participation in RSHL management and development processes is increased. (Measured by membership of formal RSHL groups).

Reporting and Payments (Section 9.3 of Business Plan) are completed on time.

Consider a new service area or areas outside of the current scope of IRIS.

An independent director will be appointed to the Board by December 2017 RSHL will operate within 5% (plus or minus) of its overall annual budget.

Annual charges will be kept to a maximum of 2% increase year on year

Respond to requests from Councils with the intent of adding one further Council to IRIS as a shareholder or customer by end of 2018.

Comment
Achieved: There were eight major enhancement projects on the annual road map for 2017/2018. Seven of these were completed within budget and as scheduled during 2017/18 and the remaining project is in progress and due to be completed as scheduled on the annual road map in 2018/2019.

Achieved: The minor enhancements and support budgets were fully consumed.

Achieved: Users continue to collaborate and participate in RSHL through the User Groups. As noted in minutes of Advisory Group Meeting 21 June 2018:

- There has been user participation in the Wednesday fortnightly meetings to provide feedback on development features throughout the year.
- Development of MAJ42 (RMA changes) involved consent representatives from each of the seven participating Councils.

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.

Achieved: RSHL has been established as the 'delivery vehicle' for collaborative and cross-sector projects as part of the Regional Council Collaboration initiative (ReCoCo).

Achieved: New director Asbjorn Aakjaer appointed 30 November 2017.

Not achieved: Revenue was 6% higher than budget, Total expenditure is 15% higher than budget. Additional depreciation is the main driver of the expenditure variance, additional licensing and implementation costs were fully offset by additional revenue. There were unbudgeted prior year work in progress write offs which contributed to 7% of the expenditure increase.

Achieved: Although the 2% threshold from member contributions has been exceeded, the annual charges stated in the Statement of Intent has been achieved.

Achieved: Hawke's Bay Regional Council (HBRC) are currently implementing IRIS as a customer of RSHL, with the first phase of their implementation due to go live in November 2018. RSHL has also responded to an expression of interest from another regional council and is currently in discussion around their intent to implement IRIS and join the RSHL collaboration group.

COSTS AND SOURCES OF FUNDS

	2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$
Expenditure			
Investment management	22,393	6,000	27,151
Community engagement	188,422	193,323	178,723
Advocacy and response	277,425	240,144	324,374
Governance	993,988	971,337	1,060,561
Total expenditure	1,482,228	1,410,804	1,590,809
Income			
General rates	734,273	734,273	777,474
Direct charges	842	3,000	1,000
Investment funds	747,113	673,531	812,335
Total income	1,482,228	1,410,804	1,590,809
Operating surplus/(deficit)	-	-	-
Capital expenditure			
Land	72,470	50,000	173,000
Buildings	18,000	-	466,779
Motor vehicles	73,923	32,000	293,619
Plant and equipment	205,191	62,000	232,392
Office furniture	5,176	19,000	60,210
Computer equipment	148,430	150,000	150,806
Flood and river control assets	-	-	-
Computer software	516,433	430,000	321,094
Total capital expenditure	1,039,623	743,000	1,697,900
Funded by:			
Transfer from retained earnings	1,039,623	743,000	1,697,900
Total funding	1,039,623	743,000	1,697,900
Capital expenditure:			
—to meet additional demand	-	-	-
—to improve the level of service	-	-	-
—to replace existing assets	1,039,623	743,000	1,697,900
Total capital expenditure	1,039,623	743,000	1,697,900
Gross proceeds from the sale of assets	30,088	31,000	85,168
Depreciation/amortisation expense	625,716	557,546	503,079

ASSET ACQUISITIONS AND REPLACEMENTS

Significant asset acquisitions include the replacement of photocopiers and printers and council website developments.

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 2017/2018 year compared against the budget set for 2017/2018 in the 2017/2018 Annual Plan and the results achieved in 2016/2017.

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 2018

	Notes	Council			Group	
		2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Cost of services						
Resource management		13,738,194	14,055,880	12,924,482	13,726,194	12,911,759
Biosecurity		1,949,148	1,533,204	1,722,135	1,949,148	1,722,135
Transport		4,175,077	4,030,349	3,910,574	4,175,077	3,877,574
Hazard management		1,615,653	1,552,682	1,290,780	1,615,653	1,290,780
Recreation, culture and heritage		3,647,182	3,503,947	3,354,714	3,721,951	3,469,098
Regional representation, advocacy and investment management		1,482,228	1,410,804	1,590,809	1,482,228	1,590,809
Port operating expenses		-	-	-	30,529,999	28,956,059
Total expenses	5	26,607,482	26,086,866	24,793,494	57,200,250	53,818,214
Revenue from exchange transactions						
Direct charges revenue	4	3,923,014	3,736,817	3,941,407	3,894,396	3,931,985
Other investment revenue		1,056,262	1,050,000	1,053,771	1,011,879	1,009,389
Dividends		5,460,000	5,417,170	4,924,700	-	-
Port revenue from operations		-	-	-	45,629,000	41,622,526
Revenue from non-exchange transactions						
General rates revenue		7,611,858	7,611,858	7,536,493	7,611,858	7,536,493
Targeted rates revenue		1,865,532	1,865,532	1,820,603	1,865,532	1,820,603
Direct charges revenue	4	4,086,953	4,322,057	3,333,892	4,086,953	3,333,892
Government grants		2,272,444	2,007,987	1,955,372	2,272,444	1,955,372
Vested assets		-	-	-	-	-
Total revenue	4	26,276,063	26,011,421	24,566,238	66,372,062	61,210,260
Operating surplus/(deficit) before finance income and expenses, other gains/losses and taxation		(331,419)	(75,445)	(227,256)	9,171,812	7,392,046
Finance income		398,416	525,000	527,175	421,589	549,884
Finance expense	5	-	-	-	1,593,560	1,254,056
Net finance income (expense)		398,416	525,000	527,175	(1,171,971)	(704,172)
Operating surplus before other gains/losses and taxation		66,997	449,555	299,919	7,999,841	6,687,874
Other gains/(losses)						
Gains/(losses) on revaluation of investment properties		810,000	-	1,204,500	810,000	1,204,500
Impairment of assets	10	-	-	-	(14,851,588)	-
Operating surplus/(deficit) before taxation		876,997	449,555	1,504,419	(6,041,747)	7,892,374
Income tax expense	7	1,446	10,000	1,727	3,537,446	4,265,973
Net surplus/(deficit) for the period, net of tax	21	875,551	439,555	1,502,692	(9,579,193)	3,626,401
Other comprehensive income						
Items that may be reclassified subsequently to profit and loss when specific conditions met.						
Impairment of assets	10	-	-	-	(2,438,400)	-
Revaluation of property, plant and equipment		86,312	-	120,881	86,312	1,555,716
Change in cash flow hedge		-	-	-	258,490	690,995
Other comprehensive income, net of tax		86,312	-	120,881	(2,093,598)	2,246,711
Total comprehensive income for the period, net of tax		961,863	439,555	1,623,573	(11,672,791)	5,873,112

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 2018

Council	Notes	Retained earnings \$	Reserves \$	Asset revaluation reserves \$	Cash flow hedge reserve \$	Total equity \$
As at 1 July 2016		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
Changes in equity for 2017/2018						
Total comprehensive income for the period		875,551	-	86,312	-	961,863
Transfers to and from reserves		(110,383)	110,383	-	-	-
As at 30 June 2018	18	67,092,864	11,239,866	4,509,338	-	82,842,068

Group	Notes	Retained earnings \$	Reserves \$	Asset revaluation reserves \$	Cash flow hedge reserve \$	Total equity \$
As at 1 July 2016		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
Changes in equity for 2017/2018						
Total comprehensive income for the period		(9,579,193)	-	(2,352,088)	258,490	(11,672,791)
Transfers to and from reserves		(110,383)	110,383	-	-	-
Transfers to and from asset revaluation reserves		-	-	-	-	-
As at 30 June 2018	18	135,084,181	11,239,866	63,261,766	(996,966)	208,588,847

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	Council			Group	
		2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Current assets						
Cash and cash equivalents	8	2,358,662	1,243,388	1,190,605	2,869,993	5,048,690
Current portion of investments	13	5,399,129	-	7,847,041	5,399,129	7,847,041
Receivables from exchange transactions	9	1,274,429	960,000	1,230,663	8,456,946	6,513,400
Receivables from non-exchange transactions	9	2,641,132	1,040,000	1,761,702	2,641,132	1,761,702
Inventories	12	56,108	-	41,763	694,108	660,500
Prepayments		195,602	100,000	186,823	195,603	186,823
Taxation refundable	7	5,109	-	6,555	5,109	6,555
Work-in-progress	28	161,854	400,000	127,904	161,854	127,904
Total current assets		12,092,025	3,743,388	12,393,056	20,423,874	22,152,615
Non-current assets						
Term deposits and treasury investments	13	2,500,000	7,407,975	2,500,000	2,500,000	2,500,000
Port Taranaki Ltd	13	26,000,000	26,000,000	26,000,000	-	-
Civic Assurance Ltd	13	1,000	1,000	1,000	1,000	1,000
Regional Software Holdings Ltd	13	798,118	798,118	798,118	798,118	798,118
Investment properties	14	17,380,500	14,617,000	16,669,500	17,380,500	16,669,500
Intangible assets	11	1,041,418	1,255,571	487,942	1,512,418	1,152,985
Property, plant and equipment	10	30,211,725	30,588,317	28,457,434	229,819,471	236,251,901
Deferred tax asset	7	-	-	-	-	-
Total non-current assets		77,932,761	80,667,981	74,913,994	252,011,507	257,373,504
Total assets		90,024,786	84,411,369	87,307,050	272,435,381	279,526,119
Current liabilities						
Payables from exchange transactions	15	2,972,318	1,600,000	2,787,592	10,681,095	8,828,533
Payables from non-exchange transactions	15	1,634,160	400,000	338,313	1,634,160	338,313
Employee entitlements	16	1,189,559	935,000	1,061,185	2,461,559	2,288,695
Work-in-progress	28	669,281	500,000	487,755	669,281	487,755
Borrowings	17	-	-	-	3,968,273	1,794,357
Taxation payable	7	-	-	-	977,000	531,031
Total current liabilities		6,465,318	3,435,000	4,674,845	20,391,368	14,268,684
Non-current liabilities						
Employee entitlements	16	717,400	800,000	752,000	1,409,400	1,510,000
Deferred tax liability	7	-	-	-	382,000	414,519
Derivative financial instruments	29	-	-	-	996,966	1,255,456
Borrowings	17	-	-	-	40,666,800	41,815,822
Total non-current liabilities		717,400	800,000	752,000	43,455,166	44,995,797
Total liabilities		7,182,718	4,235,000	5,426,845	63,846,534	59,264,481
Public equity						
Retained earnings	18	67,092,864	65,452,180	66,327,696	135,084,181	144,773,757
Reserves	18	11,239,866	11,000,957	11,129,483	11,239,866	11,129,483
Asset revaluation reserves	18	4,509,338	3,723,232	4,423,026	63,261,766	65,613,854
Cash flow hedge reserve	18	-	-	-	(996,966)	(1,255,456)
Total public equity	18	82,842,068	80,176,369	81,880,205	208,588,847	220,261,638
Total liabilities and equity		90,024,786	84,411,369	87,307,050	272,435,381	279,526,119

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 2018

	Notes	Council			Group	
		2017/2018 Actual \$	2017/2018 Budget \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Cash flow from operating activities						
Cash was provided from:						
Rates		9,477,390	9,477,390	9,357,096	9,477,390	9,357,096
Interest		387,705	525,000	506,726	411,809	528,550
Dividends		5,460,000	5,417,170	4,924,700	-	-
Goods and services tax		115,106	-	71,964	147,956	71,964
Income tax		-	-	-	-	-
Other exchange transactions		5,008,895	5,154,774	4,636,293	55,562,895	53,298,556
Other non-exchange transactions		6,710,206	5,962,087	5,577,337	6,710,206	5,577,337
		27,159,302	26,536,421	25,074,116	72,310,256	68,833,503
Cash was applied to:						
Employees and suppliers		24,488,822	24,379,160	23,094,908	51,847,907	50,226,071
Income tax		-	60,000	16,170	3,123,000	3,923,148
Goods and services tax		-	-	-	-	32,723
Interest		-	-	-	1,587,560	1,260,836
		24,488,822	24,439,160	23,111,078	56,558,467	55,442,778
Net cash flow from operating activities	21	2,670,480	2,097,261	1,963,038	15,751,789	13,390,725
Cash flow from investing activities						
Cash was provided from:						
Investments		2,447,912	2,000,000	1,859,129	2,447,912	1,859,129
Proceeds from sale of property, plant and equipment		105,056	118,000	214,434	105,056	4,568,288
		2,552,968	2,118,000	2,073,563	2,552,968	6,427,417
Cash was applied to:						
Investments		-	-	-	-	-
Capitalised interest on property, plant and equipment		-	-	-	535,000	629,626
Purchase of property, plant and equipment		4,055,391	3,886,750	4,548,088	20,968,464	23,067,244
		4,055,391	3,886,750	4,548,088	21,503,464	23,696,870
Net cash flow outflow from investing activities		(1,502,423)	(1,768,750)	(2,474,525)	(18,950,496)	(17,269,453)
Cash flow from financing activities						
Cash was provided from:						
Loans		-	-	-	10,483,010	6,621,845
		-	-	-	10,483,010	6,621,845
Cash was applied to:						
Loans		-	-	-	9,463,000	180,000
		-	-	-	9,463,000	180,000
Net cash outflow from financing activities		-	-	-	1,020,010	6,441,845
Net increase/(decrease) in cash and cash equivalents		1,168,057	328,511	(511,488)	(2,178,697)	2,563,117
Opening cash and cash equivalents		1,190,605	914,877	1,702,093	5,048,690	2,485,573
Closing cash and cash equivalents	8	2,358,662	1,243,388	1,190,605	2,869,993	5,048,690

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 2018. The financial statements were authorised for issue by Council on 18 September 2018.

2. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

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

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

NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED

Port Taranaki Ltd adopted *NZ IFRS 15 Revenue from Contracts with Customers* early with effect from 1 July 2017. This change did not have a significant impact on the financial statements. There is no equivalent PBE standard so there is no impact to the Group and the Council. The Group has elected to early adopt *Impairment of Revalued assets amendments to PBE IPSASs 21 and 26*. The effect of this is the recognition of the impairment in Note 10. Other than the above changes, the Group has not elected to early adopt any other new standards or interpretations that are issued but not yet effective as at 30 June 2018.

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 2018, are outlined in the below:

New pronouncement

Approved Budget (Amendments to PBE IPSAS 1)
 PBE IPSAS 34 Separate Financial Statements
 PBE IPSAS 35 Consolidated Financial Statements
 PBE IPSAS 36 Investments in Associates and Joint Ventures
 PBE IPSAS 37 Joint Arrangements
 PBE IPSAS 38 Disclosure of Interests in Other Entities
 PBE IPSAS 39 Employee Benefits
 PBE IFRS 9 Financial Instruments
 PBE FRS 48 Service Performance Reporting

Effective for annual reporting periods beginning on or after:

1 January 2018
 1 January 2019
 1 January 2019
 1 January 2019
 1 January 2019
 1 January 2019
 1 January 2019
 1 January 2021
 1 January 2021

Expected to be initially applied in the financial year ending:

30 June 2019
 30 June 2020
 30 June 2020
 30 June 2020
 30 June 2020
 30 June 2020
 30 June 2020
 30 June 2022
 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)	
			2017/2018 %	2016/2017 %	2017/2018 \$	2016/2017 \$
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)	
			2017/2018 %	2016/2017 %	2017/2018 \$	2016/2017 \$
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	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
The net operating surplus (deficit) was achieved after crediting:				
Dividends	5,460,000	4,924,700	-	-
Gain on sale of property, plant and equipment	77,041	150,271	77,041	150,271
Gain on sale of investment properties	-	-	-	-
Unrealised gain on revaluation of investment properties	810,000	1,204,500	810,000	1,204,500
Rental revenue from investment properties	894,520	861,412	850,138	817,030
Interest – corporate bonds	116,653	294,643	116,653	294,643
Interest – cash and term deposits	281,763	232,532	304,936	255,241
Direct charges revenue from exchange transactions				
Compliance monitoring charges	2,707,677	2,774,618	2,679,059	2,765,287
Resource consent applications	811,663	746,496	811,663	746,405
Other sales of goods and services	403,674	420,293	403,674	420,293
Total direct charges revenue from exchange transactions	3,923,014	3,941,407	3,894,396	3,931,985
Direct charges revenue from non-exchange transactions				
Riparian plant sales	1,307,379	977,944	1,307,379	977,944
Bus fares	886,118	891,750	886,118	891,750
Pollution response	391,526	454,678	391,526	454,678
Civil defence recoveries	688,358	412,914	688,358	412,914
Resource consent condition charges	90,046	120,164	90,046	120,164
Waste minimisation recoveries	48,026	96,989	48,026	96,989
Other recoveries and sales of goods and services	675,500	379,453	675,500	379,453
Total direct charges revenue from non-exchange transactions	4,086,953	3,333,892	4,086,953	3,333,892

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	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
The net operating surplus (deficit) was achieved after charging:				
Employee benefits	12,615,391	11,727,667	26,451,391	25,091,486
Cost of services	10,765,425	10,312,252	9,877,706	9,876,725
General expenses	-	-	5,321,630	3,778,283
Finance costs	-	-	1,593,560	1,254,056
Repairs and maintenance	343,390	335,740	4,129,729	4,069,782
Directors' fees	-	-	353,000	354,667
Depreciation and amortisation	1,472,879	1,351,061	9,674,699	9,348,921
Loss on disposal of property, plant and equipment	106,871	27,051	106,871	28,323
Impairment of assets	-	-	14,851,588	-
Bad debts	1,428	-	1,428	-
Income tax expense	1,446	1,727	3,537,446	4,265,973
Net loss/(gain) on currency bank balances	-	-	(133,133)	142,828
Audit fees – Annual Report	120,764	117,598	203,441	198,144
Audit fees – Long-Term Plan	75,857	-	75,857	-
Minimum lease payments recognised as operating lease expense	-	-	32,154	6,930
Purchase of riparian plants (inventory)	1,105,477	922,125	1,105,477	922,125

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

	2017/2018 Actual \$
Operating expenditure was more than budgeted: <i>Across the full range of activities there were many over and under expenditures – none of these variances were material.</i>	(520,616)
Direct charges were less than budgeted: <i>Variances across activities, however in particular plant sales and pollution response revenue were less than budgeted.</i>	(48,906)
Government grants were more than budgeted: <i>Mainly due to transport funding being higher than budget due to the transport integrated ticketing project and increases in bus contract costs.</i>	264,457
Other investment revenue was more than budgeted: <i>This arises from higher than planned rental revenue.</i>	6,261
Dividend income was more than budget: <i>A slightly higher dividend from Port Taranaki Limited than budgeted.</i>	42,830
Finance income was less than budget: <i>Lower returns received than anticipated from term investments.</i>	(126,584)
Unrealised gains on revaluation of investment properties was more than budgeted: <i>No allowance was made for an increase or decrease in values.</i>	810,000
Income tax expense was less than budgeted: <i>More tax deductible expenditure was incurred than budgeted.</i>	8,554
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>	86,312

The entire operating surplus is from continuing activities.

7. TAXATION

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Income tax recognised in the Statement of Comprehensive Revenue and Expense				
Current tax expense	1,446	1,727	3,570,446	2,942,831
Deferred tax income on temporary differences	-	-	(33,000)	577,068
Income tax expense per Statement of Comprehensive Revenue and Expense	1,446	1,727	3,537,446	4,265,973
Reconciliation of operating surplus before tax and income tax expense				
Surplus/(deficit) before taxation and subvention payment	876,997	1,504,419	(6,041,747)	7,892,374
Operating surplus/(deficit) before taxation	876,997	1,504,419	(6,041,747)	7,892,374
Income tax expense at 28%	245,559	421,237	(1,691,689)	2,209,865
Tax effect of non-deductible expenses in operating surplus before taxation	-	-	3,000	2,278
Tax effect of non-assessable income in operating surplus before taxation	1,879,221	1,494,885	7,118,469	2,921,000
Timing differences prior period	-	-	-	746,074
Timing differences current period	-	-	665,000	291,082
Prior period adjustments impacting income taxation expense	-	767	(434,000)	10,836
Imputation credit adjustment	(2,123,334)	(1,915,162)	(2,123,334)	(1,915,162)
Income taxation expense per Statement of Comprehensive Revenue and Expense	1,446	1,727	3,537,446	4,265,973
Taxation refundable/(payable)				
Opening balance	6,555	(7,888)	(524,476)	(1,504,793)
Prior year tax paid/(refund)	-	7,888	1,024,403	1,514,862
Prior year adjustment	-	(767)	-	(10,836)
Current taxation payable	(1,446)	(960)	(4,005,152)	(2,931,995)
Provisional taxation paid	-	8,282	2,533,334	2,408,286
Taxation refundable/(payable)	5,109	6,555	(971,891)	(524,476)
Imputation credit account				
Credits available for use in subsequent periods	-	-	26,614,000	25,614,000
Imputation credits available directly and indirectly to the Council, through Port Taranaki Ltd:	-	-	26,614,000	25,614,000

DEFERRED TAX ASSET/LIABILITY

	Depreciation/ Amortisation	Provisions/ Payables	Group Receivables/ Prepayments	Cash flow hedge reserve	Total
Balance 30 June 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)
Charged/(credited) to the Statement of Comprehensive Revenue and Expense	218,357	(113,310)	-	(72,528)	32,519
Balance 30 June 2018	(1,435,000)	774,000	-	279,000	(382,000)

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 (2016/2017—\$nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. There is no income tax loss carried forward.

8. CASH AND CASH EQUIVALENTS

	Notes	Council		Group	
		2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Bank		521,214	447,592	1,025,367	4,198,930
Call deposits		1,837,448	743,013	1,844,626	849,760
Total bank and call deposits		2,358,662	1,190,605	2,869,993	5,048,690

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	
		2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Receivables from exchange transactions					
Trade receivables		1,274,429	1,230,663	5,435,480	5,231,993
Provision for impairment		-	-	-	-
Net trade receivables		1,274,429	1,230,663	5,435,480	5,231,993
Other receivables		-	-	3,021,466	1,281,407
Related party receivables		-	-	-	-
Total receivables from exchange transactions		1,274,429	1,230,663	8,456,946	6,513,400
Receivables from non-exchange transactions					
Trade receivables		2,641,132	1,761,702	2,641,132	1,761,702
Provision for impairment		-	-	-	-
Net trade receivables		2,641,132	1,761,702	2,641,132	1,761,702
Other receivables		-	-	-	-
Related party receivables		-	-	-	-
Total receivables from non-exchange transactions		2,641,132	1,761,702	2,641,132	1,761,702

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 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)	-	(5,926)
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	-	3,070,475	5,253,059	678,673	3,007,192
Accumulated depreciation	-	-	(3,640,176)	-	(1,667,316)	(4,334,208)	(563,306)	(2,672,907)
Additions	(22,565)	-	(29,739)	-	610,856	288,169	2,191	160,481
Transfers	194,035	-	2,713,060	-	-	404,662	3,741	-
Revaluations	-	-	-	-	-	-	-	-
Disposals	-	-	(199,004)	-	(85,079)	(54,411)	(2,548)	(12,168)
Depreciation	-	-	(308,080)	-	(532,516)	(316,024)	(27,390)	(134,975)
Carrying amount 30 June 2018	2,313,979	-	10,013,965	-	1,396,420	1,241,247	91,361	347,623
Cost/valuation	2,313,979	-	13,739,758	-	3,240,467	4,994,588	654,462	3,145,502
Accumulated depreciation	-	-	(3,725,793)	-	(1,844,047)	(3,753,341)	(563,101)	(2,797,879)

Council	Dredging	Port services & equipment	Work in progress	Flood and river control at valuation	-	-	-	Total
Carrying amount 1 July 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	-	-	-	-	4,713,034
Transfers	-	-	(4,672,691)	3,452,483	-	-	-	(385,158)
Revaluations	-	-	-	120,881	-	-	-	120,881
Disposals	-	-	-	-	-	-	-	(89,884)
Depreciation	-	-	-	-	-	-	-	(1,220,484)
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)
Additions	-	-	2,744,086	-	-	-	-	3,753,479
Transfers	-	-	(3,732,041)	3,238	-	-	-	(413,305)
Revaluations	-	-	-	86,312	-	-	-	86,312
Disposals	-	-	-	-	-	-	-	(353,210)
Depreciation	-	-	-	-	-	-	-	(1,318,985)
Carrying amount 30 June 2018	-	-	2,203,860	12,603,270	-	-	-	30,211,725
Cost/valuation	-	-	2,203,860	12,603,270	-	-	-	42,895,886
Accumulated depreciation	-	-	-	-	-	-	-	(12,684,161)

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

Group	Land at cost	Land at valuation	Buildings at cost	Buildings at valuation	Motor vehicles	Plant, equipment and fittings	Office furniture	Computer equipment
Carrying amount 1 July 2016	1,969,509	90,173,125	23,528,895	24,717,917	1,264,694	1,310,666	72,032	314,173
Cost/valuation	1,969,509	90,173,125	41,020,591	26,034,626	3,022,261	5,728,934	655,200	2,875,654
Accumulated depreciation	-	-	(17,491,695)	(1,316,709)	(1,757,567)	(4,418,268)	(583,168)	(2,561,481)
Additions	173,000	-	2,546,374	1,355,540	747,507	193,231	8,248	132,314
Transfers	-	-	501,425	-	-	258,920	52,718	18,492
Revaluations	-	750,000	-	684,835	-	-	-	-
Disposals	-	-	(25,415)	-	(64,793)	(9,022)	-	(5,926)
Depreciation	-	-	(1,319,671)	(604,494)	(544,249)	(286,135)	(17,631)	(124,768)
Carrying amount 30 June 2017	2,142,509	90,923,125	25,231,609	26,153,798	1,403,159	1,467,660	115,367	334,285
Cost/valuation	2,142,509	90,923,125	44,042,975	27,126,691	3,070,475	6,149,707	695,103	3,007,192
Accumulated depreciation	-	-	(18,811,366)	(972,893)	(1,667,316)	(4,682,047)	(579,736)	(2,672,907)
Additions	(22,565)	-	(8,619)	2,167,228	610,856	288,169	2,191	160,481
Transfers	194,035	-	2,658,060	-	-	404,662	3,741	-
Impairment	-	-	(202,000)	(15,514,988)	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Disposals	-	-	(199,004)	-	(85,079)	(54,411)	(2,548)	(12,168)
Depreciation	-	-	(1,311,080)	(611,686)	(532,516)	(357,439)	(27,390)	(134,975)
Carrying amount 30 June 2018	2,313,979	90,923,125	26,168,966	12,194,352	1,396,420	1,748,641	91,361	347,623
Cost/valuation	2,313,979	90,923,125	46,066,759	13,778,930	3,240,467	5,891,236	670,892	3,145,502
Accumulated depreciation	-	-	(19,897,793)	(1,584,578)	(1,844,047)	(4,142,595)	(579,531)	(2,797,879)

Group	Dredging	Port services & equipment	Work in progress	Flood and river control at valuation	-	-	-	Total
Carrying amount 1 July 2016	19,226,504	35,971,434	13,050,849	8,940,356	-	-	-	220,540,154
Cost/valuation	24,688,100	94,871,831	13,050,849	8,940,356	-	-	-	313,031,035
Accumulated depreciation	(5,461,596)	(58,900,397)	-	-	-	-	-	(92,490,881)
Additions	2,493,770	3,993,525	20,960,861	-	-	-	-	32,604,370
Transfers	-	3,495	(13,654,920)	3,452,483	-	-	-	(9,367,387)
Revaluations	-	-	-	120,881	-	-	-	1,555,716
Disposals	-	(3,879)	-	-	-	-	-	(109,035)
Depreciation	(1,507,059)	(4,567,911)	-	-	-	-	-	(8,971,917)
Carrying amount 30 June 2017	20,213,215	35,396,664	20,356,790	12,513,720	-	-	-	236,251,901
Cost/valuation	27,181,870	98,382,971	20,356,790	12,513,720	-	-	-	335,593,128
Accumulated depreciation	(6,968,655)	(62,986,307)	-	-	-	-	-	(99,341,227)
Additions	-	4,092,213	18,494,111	-	-	-	-	25,784,065
Transfers	-	89,000	(8,749,041)	3,238	-	-	-	(5,396,305)
Impairment	(13,000)	(1,540,000)	-	-	-	-	-	(17,269,988)
Revaluations	-	-	-	86,312	-	-	-	86,312
Disposals	-	-	-	-	-	-	-	(353,210)
Depreciation	(1,253,215)	(4,479,003)	(576,000)	-	-	-	-	(9,283,304)
Carrying amount 30 June 2018	18,947,000	33,558,874	29,525,860	12,603,270	-	-	-	229,819,471
Cost/valuation	27,168,870	100,988,875	30,101,860	12,603,270	-	-	-	336,893,765
Accumulated depreciation	(8,221,870)	(67,430,001)	(576,000)	-	-	-	-	(107,074,294)

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

POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

NOTES

The Waitara River Flood Protection Scheme assets, Okato River Flood Protection Scheme assets and the Waiwhakairo River Flood Protection Scheme assets were independently valued at 30 June 2018 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 \$12,603,270 (2016/2017 - \$12,513,720). The carrying amount of land had it been recognised under the cost model is \$2,825,194 (2016/2017 - \$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 (\$30,020,697-2016/2017). Port Taranaki Ltd land assets have been valued on their highest and best use taking into account the existing zoning, potential for utilisation and localised port market. All land holdings are used or held for port operational requirements and as such are valued under the requirements of PBE IPSAS 17 using fair value (market value).

Taranaki Stadium Trust land and buildings were last valued as at 30 June 2017, by Ian Baker, a registered valuer with Telfer Young (Taranaki) Ltd. Land and buildings were adjusted in the financial statements, for the year ending 30 June 2017, to reflect this revaluation. The land and buildings are valued based on the depreciated replacement cost approach using assumptions the valuer believed to be fair and reasonable at the date of valuation. The total fair value of the land and buildings valued at 30 June 2017 was \$27,865,109.

Impairment: Taranaki Stadium Trust

Detailed seismic assessments have been completed on the East and West Stands of Yarrow Stadium. The assessments indicate that the East Stand is 10% of new building standard and the West Stand is 20% of new building standard. As such both stands are earthquake prone buildings and have been closed from use. The West Stand increases to 45% of new building standard if the seats are closed to public use and only the facilities at the top of the stand are used. At 45% of the standard, the stand is not considered earthquake prone and can be used again, with the public excluded from the seats. The total carrying value of the East and West Stands before the recognition of impairment loss amounted to \$19,726,399.

The Trust is committed to the repair and/or the reinstatement of the stands and for Yarrow Stadium to become fully operational. Investigations have commenced on the options for repairing or reinstating the stands. This work will not be completed until February 2019. Thus, as at 30 June 2018, the Trust has not determined the reasonable approach to estimate the recoverable service amount of the East and West Stands of the Yarrow Stadium.

Based upon knowledge to date, the level of impairment is assessed at 50% for the West Stand (excluding the new hospitality area which is fully operational) and 90% for the East Stand. The actual level of impairment loss is likely to be different based upon the outcomes of investigations into repair and/or reinstatement options. This variance may be material. The total value of the impairment loss of the East and West Stands for the year ended was \$15,514,988. \$2,438,400 of the impairment has been reversed against previous building revaluations recorded in the asset revaluation reserve, with the remaining balance of \$13,076,588 being expensed in the *Statement of Financial Performance*. The split of the impairment between expense and the asset revaluation reserve is slightly different from the Trust due to eliminations upon consolidation.

Impairment: Port Taranaki Limited

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

11. INTANGIBLE ASSETS

Council	Computer software	Total
Carrying amount 30 June 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)
Additions	195,065	195,065
Transfers	512,305	512,305
Disposals	-	-
Amortisation	(153,894)	(153,894)
Carrying amount 30 June 2018	1,041,418	1,041,418
Cost/valuation	3,482,576	3,482,576
Accumulated depreciation	(2,441,158)	(2,441,158)

Group	Computer software	Total
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)
Additions	238,523	238,523
Transfers	512,305	512,305
Disposals	-	-
Amortisation	(391,395)	(391,395)
Carrying amount 30 June 2018	1,512,418	1,512,418
Cost/valuation	8,001,724	8,001,724
Accumulated depreciation	(6,489,306)	(6,489,306)

POLICIES

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

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

Computer software

5 yrs

20%

12. INVENTORIES

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Plant materials	56,108	41,763	56,108	41,763
Maintenance consumables	-	-	638,000	618,737
Total inventories	56,108	41,763	694,108	660,500

POLICIES

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

13. INVESTMENTS

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Current portion of investments				
Term deposits	5,399,129	6,307,804	5,399,129	6,307,804
Treasury investments - corporate bonds/notes	-	1,539,237	-	1,539,237
Total current portion of investments	5,399,129	7,847,041	5,399,129	7,847,041
Non-current investments				
Term deposits	1,500,000	1,500,000	1,500,000	1,500,000
Treasury investments - corporate bonds/notes	1,000,000	1,000,000	1,000,000	1,000,000
Port Taranaki Ltd (unlisted shares)	26,000,000	26,000,000	-	-
Civic Assurance (unlisted shares)	1,000	1,000	1,000	1,000
Regional Software Holdings Ltd	798,118	798,118	798,118	798,118
Total non-current investments	29,299,118	29,299,118	3,299,118	3,299,118
Total investments	34,698,247	37,146,159	8,698,247	11,146,159

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Term deposit maturity dates and effective interest rates				
Term deposits maturing in less than 1 year	5,399,129	6,307,804	5,399,129	6,307,804
Weighted average effective interest rate	3.62%	3.14%	3.62%	3.14%
Term deposits maturing in 1 to 2 years	1,500,000	1,500,000	1,500,000	1,500,000
Weighted average effective interest rate	4.00%	4.00%	4.00%	4.00%
Corporate bonds/notes maturity dates and effective interest rates				
Corporate bonds maturing in less than 1 year	-	1,539,237	-	1,539,237
Weighted average effective interest rate	-	6.54%	-	6.54%
Corporate bonds maturing in 1 to 2 years	-	-	-	-
Weighted average effective interest rate	-	-	-	-
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	-	-	-	-
Corporate notes maturing in 5 to 10 years	1,000,000	1,000,000	1,000,000	1,000,000
Weighted average effective interest rate	5.31%	5.31%	5.31%	5.31%
Corporate bonds/notes carrying value	1,000,000	2,539,237	1,000,000	2,539,237
Corporate bonds/notes market value	1,034,119	2,595,464	1,034,119	2,595,464

POLICIES

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

NOTES

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

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

14. INVESTMENT PROPERTY

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Balance 1 July	16,669,500	15,465,000	16,669,500	15,465,000
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer to property, plant and equipment	(99,000)	-	(99,000)	-
Fair value gains/(losses) on valuation	810,000	1,204,500	810,000	1,204,500
Balance 30 June	17,380,500	16,669,500	17,380,500	16,669,500
Comprising:				
Current assets	-	-	-	-
Non-current assets	17,380,500	16,669,500	17,380,500	16,669,500
Total investment property	17,380,500	16,669,500	17,380,500	16,669,500
Reconciliation of net surplus on investment properties				
Rental income derived from investment properties	894,520	861,412	850,138	817,030
Direct operating expenses (including repairs and maintenance) generating rental income	2,668	1,870	2,668	1,870
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	891,852	859,542	847,470	815,160

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 2018 was \$17,380,500 (2016/2017—\$16,669,500).

15. PAYABLES

	Notes	Council		Group	
		2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Payables from exchange transactions					
Trade payables under exchange transactions		2,421,401	2,342,838	9,748,955	8,043,007
Accrued pay		550,917	444,754	932,140	785,526
Total payables from exchange transactions		2,972,318	2,787,592	10,681,095	8,828,533
Comprising:					
Current liabilities		2,972,318	2,787,592	10,681,095	8,828,533
Non-current liabilities		-	-	-	-
Total payables from exchange transactions		2,972,318	2,787,592	10,681,095	8,828,533
Payables from non-exchange transactions					
Trade payables under non-exchange transactions		1,634,160	338,313	1,634,160	338,313
Total payables from non-exchange transactions		1,634,160	338,313	1,634,160	338,313
Comprising:					
Current liabilities		1,634,160	338,313	1,634,160	338,313
Non-current liabilities		-	-	-	-
Total payables from non-exchange transactions		1,634,160	338,313	1,634,160	338,313

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	
		2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Holiday leave		832,459	752,685	1,786,004	1,714,787
Sick leave		107,100	201,600	167,100	261,600
Long service leave		409,400	373,900	619,855	605,308
Retirement gratuities		558,000	485,000	1,298,000	1,217,000
Total employee entitlements		1,906,959	1,813,185	3,870,959	3,798,695
Comprising:					
Current liabilities		1,189,559	1,061,185	2,461,559	2,288,695
Non-current liabilities		717,400	752,000	1,409,400	1,510,000
Total employee entitlements		1,906,959	1,813,185	3,870,959	3,798,695

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	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Current liabilities				
Secured loans - ASB	-	-	18,000	14,094
Secured loans - TSB Bank	-	-	3,950,273	1,780,263
Total current liability borrowings	-	-	3,968,273	1,794,357
Weighted average interest rate			3.66%	2.96%
Non-current liabilities				
Secured loans - ASB	-	-	40,666,800	41,800,000
Deferred Loan Facility Fee	-	-	-	15,822
Total non-current liability borrowings	-	-	40,666,800	41,815,822
Weighted average interest rate	-	-	3.10%	3.03%

POLICIES

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

NOTES

The secured loans are obtained under a \$55m (2016/2017—\$55m) funding facility provided by ASB Bank Limited. As at 30 June 2018, \$14.3m (2016/2017—\$13.2m) 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 2016 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. The weighted average interest rate for the current liability in 2018 is 3.10% (2017: 3.03%) as this is solely interest payable.

The Taranaki Stadium Trust TSB Bank Liberty Revolving credit facility has a draw down limit of \$5,000,000 and is secured by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. Interest is incurred at a variable rate of 3.66% pa (2017: 2.96%), being the 90 day mid Bank bill rate plus a 1.45% (2017: 1.00%) margin.

18. PUBLIC EQUITY

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Retained earnings				
Opening balance	66,327,696	64,710,209	144,773,757	141,032,561
Operating surplus/(deficit)	875,551	1,502,692	(9,579,193)	3,626,401
Transfers from asset revaluation reserves	-	-	-	-
Transfers to reserves	(169,320)	(60,232)	(169,320)	(60,232)
Transfers from reserves	58,937	175,027	58,937	175,027
Closing balance	67,092,864	66,327,696	135,084,181	144,773,757
Reserves				
Opening balance	11,129,483	11,244,278	11,129,483	11,244,278
Transfers from retained earnings	169,320	60,232	169,320	60,232
Transfers to retained earnings	(58,937)	(175,027)	(58,937)	(175,027)
Closing balance	11,239,866	11,129,483	11,239,866	11,129,483

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
<i>North Taranaki/Waitara River Control Scheme reserve</i>				
Opening balance	1,096,571	1,060,916	1,096,571	1,060,916
Transfers from retained earnings	65,953	54,681	65,953	54,681
Transfers to retained earnings	(777)	(19,027)	(777)	(19,027)
Closing balance	1,161,747	1,096,571	1,161,747	1,096,571
<p>The Council strikes a targeted rate based on capital values over the New Plymouth District for purposes of:</p> <ul style="list-style-type: none"> • maintenance of the Waitara River Flood Protection scheme • the construction of flood protection works in the lower Waiwhakaiho catchment; and • for other minor river control works which are required for flood protection in the district. <p>Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on the above purposes. This reserve fund relates to the <i>Hazard management</i> group of activities.</p>				
<i>South Taranaki Rivers Control Scheme reserve</i>				
Opening balance	-	-	-	-
Transfers from retained earnings	-	-	-	-
Transfers to retained earnings	(18,160)	-	(18,160)	-
Closing balance	(18,160)	-	(18,160)	-
<p>The Council strikes a targeted rate based on capital values over the South Taranaki constituency for purposes of:</p> <ul style="list-style-type: none"> • construction and maintenance of the Opunake Flood Protection scheme • other minor river control works which are required for flood protection in the South Taranaki constituency. <p>Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on the above purposes. This reserve fund relates to the <i>Hazard management</i> group of activities.</p>				
<i>Contingency/disaster reserve</i>				
Opening balance	1,086,000	1,086,000	1,086,000	1,086,000
Transfers from retained earnings	-	-	-	-
Transfers to retained earnings	-	-	-	-
Closing balance	1,086,000	1,086,000	1,086,000	1,086,000
<p>This reserve was created to meet the Council's share of the replacement cost of infrastructure assets affected by natural disasters. It also covers the Council's commitments under the <i>National Civil Defence Plan</i> in the event of emergencies. It is available for any other contingency or emergency response purposes including oil spill response and flood response. This reserve fund relates to the <i>Resource management</i> and the <i>Hazard management</i> groups of activities.</p>				
<i>Dividend equalisation reserve</i>				
Opening balance	6,395,766	6,395,766	6,395,766	6,395,766
Transfers from retained earnings	-	-	-	-
Transfers to retained earnings	-	-	-	-
Closing balance	6,395,766	6,395,766	6,395,766	6,395,766
<p>The Council transfers dividends received in excess of budget to this reserve. The reserve is to be used to equalise dividend returns over time. Dividends in excess of budget since 1996/97 have been transferred to the reserve. Prior to 1996/97 all dividends were used to repay debt incurred during the incorporation of Port Taranaki Ltd. From 1996/97 onwards dividends have been used to reduce the general rate requirement. This reserve fund relates to all groups of activities.</p>				
<i>Passenger transport targeted rate reserve (New Plymouth/North Taranaki)</i>				
Opening balance	83,146	117,596	83,146	117,596
Transfers from retained earnings	3,367	5,551	3,367	5,551
Transfers to retained earnings	(40,000)	(40,000)	(40,000)	(40,000)
Closing balance	46,513	83,146	46,513	83,146
<p>The Council strikes a targeted rate based on capital values over the New Plymouth District for purposes of funding passenger transport services. Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on these purposes. This reserve fund relates to the <i>Transport</i> group of activities.</p>				

	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
<i>Egmont national park control reserve</i>				
Opening balance	298,000	414,000	298,000	414,000
Transfers from retained earnings	100,000	-	100,000	-
Transfers to retained earnings	-	(116,000)	-	(116,000)
Closing balance	398,000	298,000	398,000	298,000
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.				
	Council	Group		
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
<i>Endowment land sales reserve</i>				
Opening balance	2,170,000	2,170,000	2,170,000	2,170,000
Transfers from retained earnings	-	-	-	-
Transfers to retained earnings	-	-	-	-
Closing balance	2,170,000	2,170,000	2,170,000	2,170,000
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.				
	Council	Group		
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Total reserves	11,239,866	11,129,483	11,239,866	11,129,483
Asset revaluation reserves				
Opening balance	4,423,026	4,302,145	65,613,854	64,058,138
Transfer to retained earnings on asset disposal	-	-	-	-
Change in asset value	86,312	120,881	(2,352,088)	1,555,716
Closing balance	4,509,338	4,423,026	63,261,766	65,613,854
<i>Waitara flood control scheme</i>				
Opening balance	2,944,104	2,934,373	2,944,104	2,934,373
Change in asset value	18,762	9,731	18,762	9,731
Closing balance	2,962,866	2,944,104	2,962,866	2,944,104
<i>Waiwhakaiho flood control scheme</i>				
Opening balance	1,424,022	1,315,872	1,424,022	1,315,872
Change in asset value	65,290	108,150	65,290	108,150
Closing balance	1,489,312	1,424,022	1,489,312	1,424,022
<i>Okato flood control scheme</i>				
Opening balance	54,900	51,900	54,900	51,900
Change in asset value	2,260	3,000	2,260	3,000
Closing balance	57,160	54,900	57,160	54,900
<i>Land</i>				
Opening balance	-	-	58,752,428	58,002,428
Change in asset value	-	-	-	750,000
Closing balance	-	-	58,752,428	58,752,428
<i>Buildings</i>				
Opening balance	-	-	2,438,400	1,753,565
Transfer to retained earnings on asset disposal	-	-	-	-
Change in asset value	-	-	(2,438,400)	684,835
Closing balance	-	-	-	2,438,400
Total asset revaluation reserves	4,509,338	4,423,026	63,261,766	65,613,854
Cash flow hedge reserve				
Opening balance	-	-	(1,255,456)	(1,946,451)
Change in cash flow hedge reserve	-	-	258,490	690,995
Total cash flow hedge reserve	-	-	(996,966)	(1,255,456)
Total public equity	82,842,068	81,880,205	208,588,847	220,261,638

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	
	2017/2018 Actual \$	2016/2017 Actual \$
Total remuneration of Members		
Councillor M J Cloke	41,823	44,289
Councillor M G Davey	40,883	39,565
Councillor P D Horton—until October 2016	-	12,016
Councillor M A Irving—until October 2016	-	11,732
Councillor B R Jeffares—until October 2016	-	14,078
Councillor M P Joyce	53,012	45,638
Councillor D L Lean—Deputy Chairman	60,943	59,230
Councillor C L Littlewood—from October 2016	41,053	27,593
Councillor D N MacLeod—Chairman	103,740	100,826
Councillor R F H Maxwell—until October 2016	-	12,298
Councillor M J McDonald—from October 2016	40,628	27,258
Councillor D H McIntyre—from October 2016	40,676	27,323
Councillor B K Raine—from October 2016	41,138	27,643
Councillor N W Walker	57,963	55,311
Councillor C S Williamson	49,491	48,047
Number of full-time employees	117	119
Full-time equivalent of all other employees	21	21
Number of employees receiving total annual remuneration below \$60,000	60	65
Number of employees receiving total annual remuneration between \$60,000 and \$79,999	63	57
Number of employees receiving total annual remuneration between \$80,000 and \$99,999	15	12
Number of employees receiving total annual remuneration between \$100,000 and \$119,999	8	7
Number of employees receiving total annual remuneration between \$120,000 and \$139,999	8	6
Number of employees receiving total annual remuneration between \$140,000 and \$359,999	-	6
Number of employees receiving total annual remuneration between \$140,000 and \$379,999	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 \$333,858 (\$326,957 —2016/2017). 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 \$367,000 (\$359,100).

During the year ended 30 June 2018, the Council made one severance payment of \$5,000 (one payment of \$5,000 – 2016/2017).

20. SUBSEQUENT EVENTS

NOTES

For the Council, there have been no material events subsequent to balance date (2016/2017: Nil). For the Port, there have been no material events subsequent to balance date (Nil). For the Trust, there have been no material events subsequent to balance date. 2016/2017: The Trust increased its debt facility to \$5m in August 2017 (TSB Bank Liberty Revolving credit facility) to fund capital projects commenced in the 2017/2018 financial year and due to be completed in 2017/2018.

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

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Surplus/(deficit) for the period	875,551	1,502,692	(9,579,193)	3,626,401
<i>Add/(less) non-cash items</i>				
Depreciation and amortisation	1,472,879	1,351,061	9,674,980	9,364,194
Deferred tax movement	-	-	(33,000)	1,323,142
Impairment of assets	-	-	14,851,588	-
Investment property: unrealised (gain)/loss	(810,000)	(1,204,500)	(810,000)	(1,204,500)
	1,538,430	1,649,253	14,104,375	13,109,237
<i>Add/(less) movements in assets and liabilities</i>				
Trade and other receivables	(923,196)	(106,985)	(2,822,303)	5,145,845
Taxation refundable	1,446	(6,555)	1,446	(6,555)
Prepayments	(8,780)	(2,172)	(8,780)	(2,172)
Inventories	(14,345)	4,298	(53,345)	(497)
Derivative financial instruments	-	-	-	(690,995)
Work in progress—current liability	181,526	18,753	181,526	18,753
Work in progress—current asset	(33,950)	144,301	(33,950)	144,301
Trade and other payables	1,480,573	669,782	3,828,044	903,848
Employee entitlements	93,774	(71,583)	72,774	(327,177)
Taxation payable	-	(7,888)	446,000	(3,914,866)
<i>Add/(less) investing activity items</i>				
(Profit)/loss on sale of assets (net)	29,830	(123,221)	29,830	(121,949)
Movement in fixed asset debtors	218,325	-	(100,675)	-
Movement in fixed asset creditors	106,847	(204,945)	106,847	(867,048)
Cash inflow from operating activities	2,670,480	1,963,038	15,751,789	13,390,725

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	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Councillors total remuneration (11 people, 3 FTE)	571,350	552,847	571,350	552,847
Council senior management total remuneration (5 FTE)	1,226,771	1,202,012	1,226,771	1,202,012
Port Directors total remuneration (1 FTE)	-	-	353,000	354,667
Port senior management total remuneration (5 FTE)	-	-	1,488,000	1,587,665

POLICIES

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

NOTES

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

23. COMMITMENTS AND CONTINGENCIES

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Commitments				
Capital commitments approved and contracted	147,620	327,768	11,363,620	8,736,914
Total commitments	147,620	327,768	11,363,620	8,736,914
Non-cancellable operating lease commitments				
Lease commitments due as follows:				
Within 1 year	-	-	32,154	12,096
Between 1-5 years	-	-	95,472	27,812
Greater than 5 years	-	-	-	-
Total operating lease commitments	-	-	127,626	39,908
Lease payments under operating leases recognised as an expense during the year.	-	-	32,154	6,984

NOTES

As at 30 June 2018, the Council has a \$57,905 contingent liability reliant on new land title information for a land compensation payment in relation to the construction of the Opunake Flood Control Scheme (Nil—2016/2017). 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. As at 30 June 2018, the Council has a contingent asset for fines waiting to be awarded on two prosecutions through the Environment Court (Nil—2016/2017).

24. LEASING ARRANGEMENTS

Notes	Council		Group	
	2017/2018 Actual \$	2016/2017 Actual \$	2017/2018 Actual \$	2016/2017 Actual \$
Non-cancellable operating lease receivables				
Lease commitments due as follows:				
Not later than one year	869,664	810,138	4,464,282	2,818,756
Later than one year and not later than five years	2,059,886	2,294,591	12,610,358	7,081,063
Later than five years	1,036,340	1,418,966	13,924,164	6,196,408

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 2017/2018 there were no breaches of statutory compliance by the Group (2016/2017—Nil).

26. RATING BASE INFORMATION

	Council	
	2017/2018 Actual \$	2016/2017 Actual \$
The number of rating units within the region at the end of the preceding financial year	55,858	54,804
The total capital value of rating units within the region at the end of the preceding financial year	32,923,700,400	29,855,286,440
The total land value of rating units within the region at the end of the preceding financial year	19,430,718,850	17,659,663,390

27. INSURANCE OF ASSETS

	Council	
	2017/2018 Actual \$	2016/2017 Actual \$
Total value of all assets of the local authority that are covered by insurance contracts	15,977,774	14,174,675
Maximum amount to which they are insured	44,162,942	40,447,559
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)	12,961,390	12,628,191
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:

	2017/2018 Estimated fair value \$	2017/2018 Amortised cost \$	2017/2018 Fair value \$	2016/2017 Estimated fair value \$	2016/2017 Amortised cost \$	2016/2017 Fair value \$
Financial assets						
Cash and cash equivalents	2,869,993	2,869,993	-	5,048,690	5,048,690	-
Term deposits	6,899,129	6,899,129	-	7,807,804	7,807,804	-
Trade and other receivables	11,098,078	11,098,078	-	8,275,102	8,275,102	-
Held to maturity corporate bonds/notes	1,034,119	1,000,000	-	2,595,464	2,539,237	-
Financial liabilities						
Trade and other payables	12,315,255	12,315,255	-	9,166,846	9,166,846	-
Employee entitlements	3,870,959	3,870,959	-	3,798,695	3,798,695	-
Interest bearing loans	44,622,073	44,635,073	-	43,599,701	43,610,179	-
Derivative financial instruments	996,966	-	996,966	1,255,456	-	1,255,456

FAIR VALUE

The Group has carried out a fair value assessment of its financial assets and liabilities as at 30 June 2018 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 2018. 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 2018 are as follows (30 June 2017 comparative figures are in brackets):

- Effective commencement date: 24 June 2013 (24 June 2013)
- Rate: 3.89% (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 2017/2018							
	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	2,869,993	-	-	-	-	2,869,993
Investments (current)	Various*	-	2,550,000	2,849,129	-	-	5,399,129
Trade and other receivables	N/A	9,077,211	910,949	1,109,918	-	-	11,098,078
Investments (non-current)	Various*	-	-	-	1,500,000	1,000,000	2,500,000
Trade and other payables	N/A	7,198,242	2,040,232	3,076,781	-	-	12,315,255
Provisions	N/A	204,919	410,299	1,846,341	566,000	843,400	3,870,959
Borrowings	3.10-3.66	-	314,743	4,894,502	42,015,898	-	47,225,143
Derivative financial instruments	2.08	-	135,379	406,134	541,512	-	1,083,025

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

* 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

	2017/2018		2016/2017	
	Estimate Annual Plan \$	Actual \$	Estimate Long- Term Plan \$	Actual \$
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	7,611,858	7,611,858	7,536,493	7,536,494
Targeted rates	1,865,532	1,865,532	1,695,935	1,820,603
Subsidies and grants for operating purposes	2,007,987	2,272,444	1,458,530	1,933,519
Fees and charges	7,801,374	7,802,467	8,438,886	7,275,299
Interest and dividends from investments	6,992,170	6,914,677	6,614,502	6,505,647
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding	26,278,921	26,466,978	25,744,346	25,071,562
Applications of operating funding				
Payments to staff and suppliers	24,429,159	25,134,602	24,612,257	20,636,484
Finance costs	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	24,429,159	25,134,602	24,612,257	20,636,484
Surplus/(deficit) of operating funding	1,849,762	1,332,376	1,132,089	4,435,078
Sources of capital funding				
Subsidies and grants for capital expenditure	257,500	207,500	402,000	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	118,000	323,381	235,000	214,434
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	375,500	530,881	637,000	214,434
Applications of capital funding				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	600,000	246,887	-	173,661
- to replace existing assets	3,286,750	3,701,657	5,370,000	4,579,372
Increase/(decrease) in reserves	107,969	110,384	(295,443)	1,205
Increase/(decrease) in investments	(1,769,457)	(2,195,671)	(3,305,468)	(104,726)
Total applications of capital funding	2,225,262	1,863,257	1,769,089	4,649,512
Surplus/(deficit) of capital funding	(1,849,762)	(1,332,376)	(1,132,089)	(4,435,078)
Funding balance	-	-	-	-

RESOURCE MANAGEMENT FUNDING IMPACT STATEMENT

	2017/2018			2016/2017	
	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	3,892,222	4,209,997	4,209,997	3,886,351	3,986,371
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	245,000	302,000	309,196	245,000	285,113
Fees and charges	6,721,769	5,682,156	5,592,991	6,517,998	5,320,934
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	10,858,991	10,194,153	10,112,184	10,649,349	9,592,418
Applications of operating funding					
Payments to staff and suppliers	9,933,701	9,160,657	9,012,075	9,636,933	5,431,254
Finance costs	-	-	-	-	-
Internal charges and overheads applied	4,171,214	4,388,888	4,616,736	4,011,360	2,385,002
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	14,104,915	13,549,545	13,628,811	13,648,293	7,816,256
Surplus/(deficit) of operating funding	(3,245,924)	(3,355,392)	(3,516,627)	(2,998,944)	1,776,162
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	71,000	71,000	21,165	94,000	76,827
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	71,000	71,000	21,165	94,000	76,827
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	403,950	1,199,250	254,525	656,200	398,934
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) in investments	(3,578,874)	(4,483,642)	(3,749,987)	(3,561,144)	1,454,055
Total applications of capital funding	(3,174,924)	(3,284,392)	(3,495,462)	(2,904,944)	1,852,989
Surplus/(deficit) of capital funding	3,245,924	3,355,392	3,516,627	2,998,944	(1,776,162)
Funding balance	-	-	-	-	-

BIOSECURITY FUNDING IMPACT STATEMENT

	2017/2018			2016/2017	
	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	923,974	796,288	796,288	850,795	727,847
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	110,116	106,500	88,910	108,250	200,223
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	1,034,090	902,788	885,198	959,045	928,070
Applications of operating funding					
Payments to staff and suppliers	1,134,839	985,745	1,099,565	1,384,157	1,270,404
Finance costs	-	-	-	-	-
Internal charges and overheads applied	587,458	468,547	509,291	564,945	596,415
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	1,722,297	1,454,292	1,608,856	1,949,102	1,866,819
Surplus/(deficit) of operating funding	(688,207)	(551,504)	(723,658)	(990,057)	(938,749)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	8,000	8,000	38,696	60,000	38,304
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	8,000	8,000	38,696	60,000	38,304
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	44,500	44,500	292,034	172,500	70,733
Increase/(decrease) in reserves	100,000	100,000	100,000	(337,000)	-
Increase/(decrease) in investments	(824,707)	(688,004)	(1,076,996)	(765,557)	(971,178)
Total applications of capital funding	(680,207)	(543,504)	(684,962)	(930,057)	(900,445)
Surplus/(deficit) of capital funding	688,207	551,504	723,658	990,057	938,749
Funding balance	-	-	-	-	-

TRANSPORT FUNDING IMPACT STATEMENT

	2017/2018			2016/2017	
	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	169,829	146,089	146,089	175,892	149,796
Targeted rates	811,628	858,207	858,207	810,821	850,272
Subsidies and grants for operating purposes	1,638,854	1,705,987	1,951,748	1,213,530	1,647,887
Fees and charges	1,365,188	1,149,360	1,088,030	1,296,551	1,095,247
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	3,985,499	3,859,643	4,044,074	3,496,794	3,743,202
Applications of operating funding					
Payments to staff and suppliers	3,988,986	3,861,184	4,005,548	3,901,645	3,755,577
Finance costs	-	-	0	-	-
Internal charges and overheads applied	151,833	153,165	163,653	146,015	149,827
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	4,140,819	4,014,349	4,169,201	4,047,660	3,905,404
Surplus/(deficit) of operating funding	(155,320)	(154,706)	(125,127)	(550,866)	(162,202)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	402,000	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	-	-	14,348	8,000	5,655
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	-	-	14,348	410,000	5,655
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	172,511	725,000	21,321
Increase/(decrease) in reserves	(32,820)	(36,703)	(36,632)	(30,962)	(34,449)
Increase/(decrease) in investments	(122,500)	(118,003)	(246,658)	(834,904)	(143,419)
Total applications of capital funding	(155,320)	(154,706)	(110,779)	(140,866)	(156,547)
Surplus/(deficit) of capital funding	155,320	154,706	125,127	550,866	162,202
Funding balance	-	-	-	-	-

HAZARD MANAGEMENT FUNDING IMPACT STATEMENT—CIVIL DEFENCE EMERGENCY MANAGEMENT

	2017/2018			2016/2017	
	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	197,706	184,955	184,955	201,019	176,810
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	11,500	-	519
Fees and charges	384,442	688,358	746,513	379,087	415,886
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	582,148	873,313	942,968	580,106	593,215
Applications of operating funding					
Payments to staff and suppliers	525,940	668,690	728,136	515,977	552,839
Finance costs	-	-	-	-	-
Internal charges and overheads applied	215,946	333,191	352,159	207,670	204,928
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	741,886	1,001,881	1,080,295	723,647	757,767
Surplus/(deficit) of operating funding	(159,738)	(128,568)	(137,327)	(143,541)	(164,552)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	-	-	218,325	10,000	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	-	-	218,325	10,000	-
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	4,000	74,000	51,935	44,800	38,796
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) in investments	(163,738)	(202,568)	29,063	(178,341)	(203,348)
Total applications of capital funding	(159,738)	(128,568)	80,998	(133,541)	(164,552)
Surplus/(deficit) of capital funding	159,738	128,568	137,327	143,541	164,552
Funding balance	-	-	-	-	-

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

	2017/2018			2016/2017	
	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	132,549	(47,975)	(47,975)	131,496	116,806
Targeted rates	591,295	700,454	700,454	584,007	662,877
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	21,033	20,000	-	20,500	60,405
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	744,877	672,479	652,479	736,003	840,088
Applications of operating funding					
Payments to staff and suppliers	389,968	386,323	367,307	380,630	446,991
Finance costs	-	-	-	-	-
Internal charges and overheads applied	110,424	111,392	117,916	106,192	108,496
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	500,392	497,715	485,223	486,822	555,487
Surplus/(deficit) of operating funding	244,485	174,764	167,256	249,181	284,601
Sources of capital funding					
Subsidies and grants for capital expenditure	-	257,500	207,500	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	4,130
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	-	257,500	207,500	-	4,130
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	600,000	246,887	-	173,661
- to replace existing assets	-	-	-	-	-
Increase/(decrease) in reserves	70,924	44,672	47,016	66,910	35,654
Increase/(decrease) in investments	173,561	(212,408)	80,853	182,271	79,416
Total applications of capital funding	244,485	432,264	374,756	249,181	288,731
Surplus/(deficit) of capital funding	(244,485)	(174,764)	(167,256)	(249,181)	(284,601)
Funding balance	-	-	-	-	-

RECREATION, CULTURE AND HERITAGE FUNDING IMPACT STATEMENT

	2017/2018			2016/2017	
	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	1,602,644	1,588,231	1,588,231	1,613,771	1,601,390
Targeted rates	296,564	306,871	306,871	301,107	307,454
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	118,903	152,000	285,181	109,500	181,605
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	2,018,111	2,047,102	2,180,283	2,024,378	2,090,449
Applications of operating funding					
Payments to staff and suppliers	2,248,751	2,205,965	2,443,085	2,215,581	2,241,103
Finance costs	-	-	-	-	-
Internal charges and overheads applied	844,747	852,155	904,739	812,372	829,929
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	3,093,498	3,058,120	3,347,824	3,027,953	3,071,033
Surplus/(deficit) of operating funding	(1,075,387)	(1,011,018)	(1,167,541)	(1,003,575)	(980,584)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	8,000	8,000	759	-	4,350
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	8,000	8,000	759	-	4,350
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	476,000	1,226,000	1,891,029	2,789,000	2,351,688
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) in investments	(1,543,387)	(2,229,018)	(3,057,811)	(3,792,575)	(3,327,922)
Total applications of capital funding	(1,067,387)	(1,003,018)	(1,166,782)	(1,003,575)	(976,234)
Surplus/(deficit) of capital funding	1,075,387	1,011,018	1,167,541	1,003,575	980,584
Funding balance	-	-	-	-	-

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT FUNDING IMPACT STATEMENT

	2017/2018			2016/2017	
	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	655,251	734,273	734,273	677,169	777,474
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	7,000	3,000	842	7,000	1,000
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-
Total operating funding	662,251	737,273	735,115	684,169	778,474
Applications of operating funding					
Payments to staff and suppliers	816,656	925,454	938,347	860,493	965,937
Finance costs	-	-	-	-	-
Internal charges and overheads applied	423,478	452,533	481,941	407,249	410,798
Other operating funding applications	-	-	-	-	-
Total applications of operating funding	1,240,134	1,377,987	1,420,288	1,267,742	1,376,735
Surplus/(deficit) of operating funding	(577,883)	(640,714)	(685,173)	(583,573)	(598,261)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-
Gross proceeds from sale of assets	31,000	31,000	30,088	63,000	85,168
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	31,000	31,000	30,088	63,000	85,168
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	661,000	743,000	1,039,623	982,500	1,697,900
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) in investments	(1,207,883)	(1,352,714)	(1,694,708)	(1,503,073)	(2,210,993)
Total applications of capital funding	(546,883)	(609,714)	(655,085)	(520,573)	(513,093)
Surplus/(deficit) of capital funding	577,883	640,714	685,173	583,573	598,261
Funding balance	-	-	-	-	-

Reporting and Prudence Regulations

Local Government (Financial Reporting and Prudence) Regulations 2014

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

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.

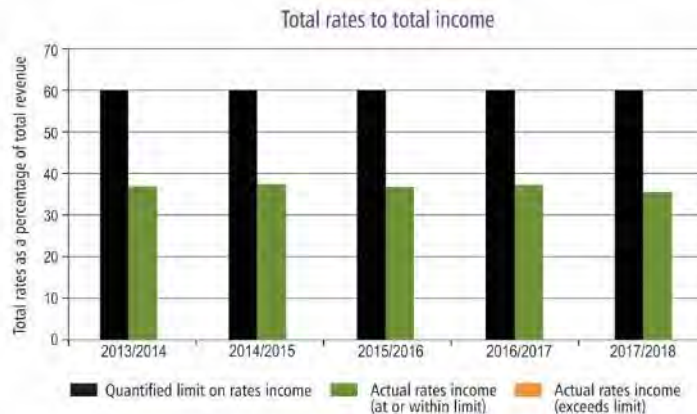
The Council is required to include this statement in its annual report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

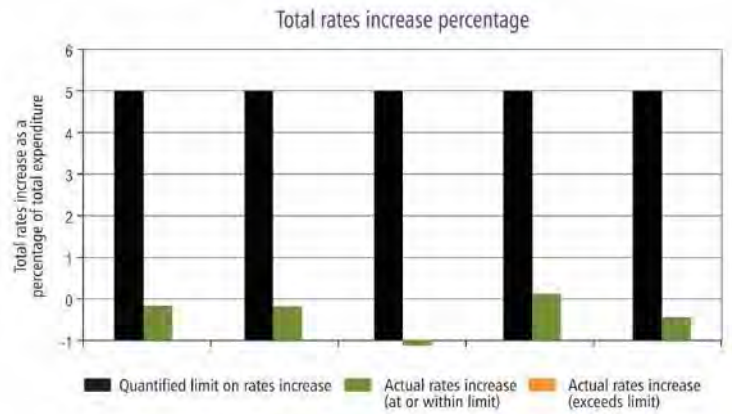
The Council meets the rates affordability benchmark if—

- 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.

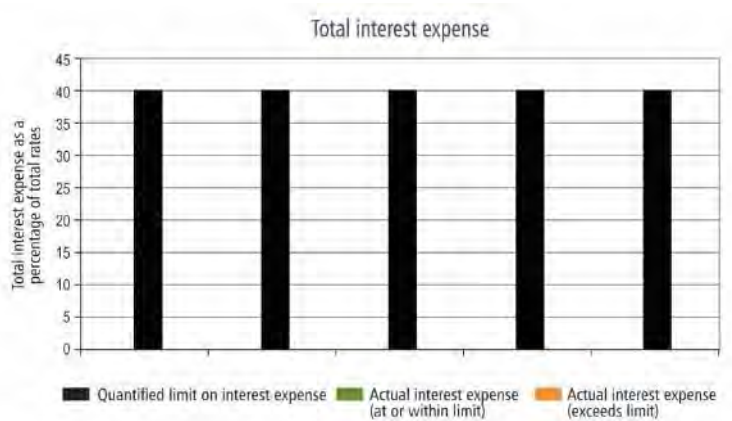


DEBT AFFORDABILITY BENCHMARK

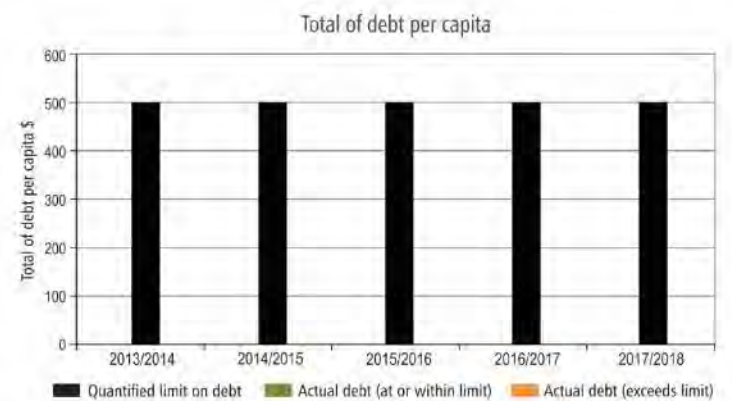
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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 2013/2014 to 2017/2018, 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.

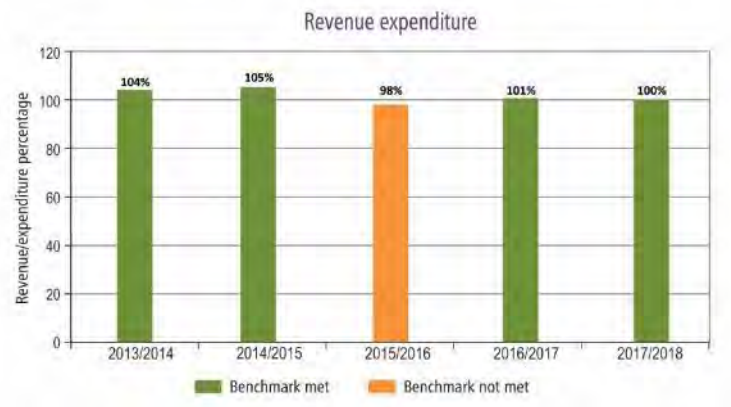


During the period 2012/2013 to 2017/2018, the Council had no external public debt and, consequently no interest expense. The graph shows that net external public debt per capita is \$0.

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.

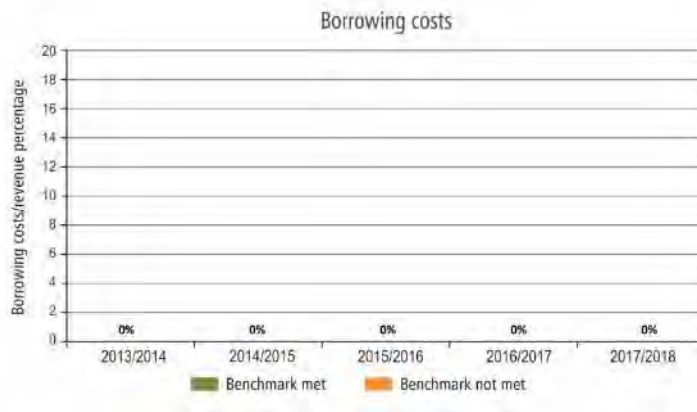
The Council's only network services are in relation to flood protection and control works. The Council does not provide any of the other network services. These network services are in the form of land assets. Accordingly, there is no depreciation on these assets. The Council's capital expenditure will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

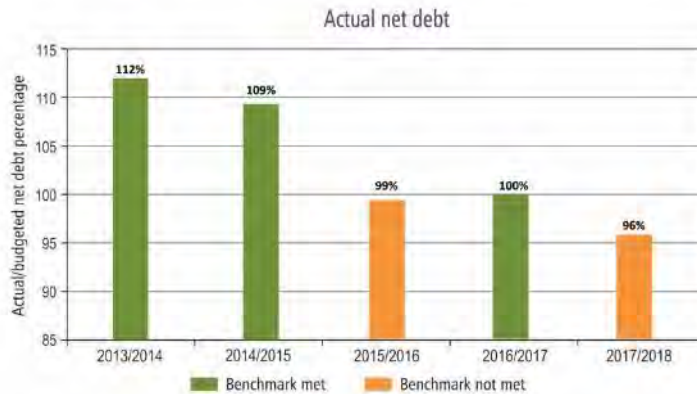
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the 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 2013/2014 to 2017/2018, 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 2013/2014 to 2017/2018, 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.

