

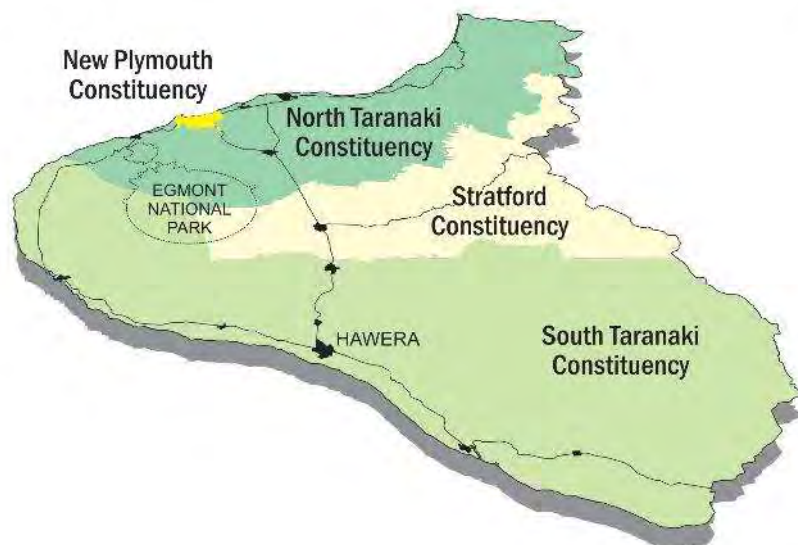
# Governance Report

*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	
<b>Executive, Audit and Risk</b> David Lean (Chairperson) Tom Cloke Michael Joyce Craig Williamson Neil Walker David MacLeod	<b>Policy and Planning</b> Neil Walker (Chairperson) Charlotte Littlewood (Deputy Chair) Michael Joyce Donald McIntyre Bev Raine Craig Williamson David MacLeod David Lean Richard Jordan - NPDC Grant Boyd - SDC Phil Nixon - SDC Phil Muir - Federated Farmers Emily Bailey - Iwi John Hooker - Iwi Mitch Ritai - Iwi
<b>Taranaki Civil Defence Emergency Management Group</b> Tom Cloke (Chairperson) - TRC Neil Holdom - NPDC Neil Volzke - SDC Ross Dunlop - SDC	<b>Consents and Regulatory</b> Michael Joyce (Chairperson) Tom Cloke (Deputy Chairperson) Mike Darvey Charlotte Littlewood Matthew McDonald Bev Raine Neil Walker David MacLeod David Lean Hoani Erweata - Iwi Keith Holswich - Iwi Fay Mulligan - Iwi
<b>Taranaki Solid Waste Management Committee</b> Neil Walker (Chairperson) - TRC Richard Handley - NPDC Alan Jamieson - SDC Bryan Roach - SDC	<b>Yarrow Stadium Joint Committee</b> Michael Joyce (Chairperson) - TRC Craig Williamson - TRC Neil Holdom - NPDC Alan Melody - NPDC
<b>Regional Transport Committee</b> Craig Williamson (Chairperson) - TRC Matthew McDonald (Deputy Chair) Harry Duijnhoven - NPDC Ross Dunlop - SDC Neil Volzke - SDC Parekawhia McLellan - 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 Ngāti 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

## 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.



## 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

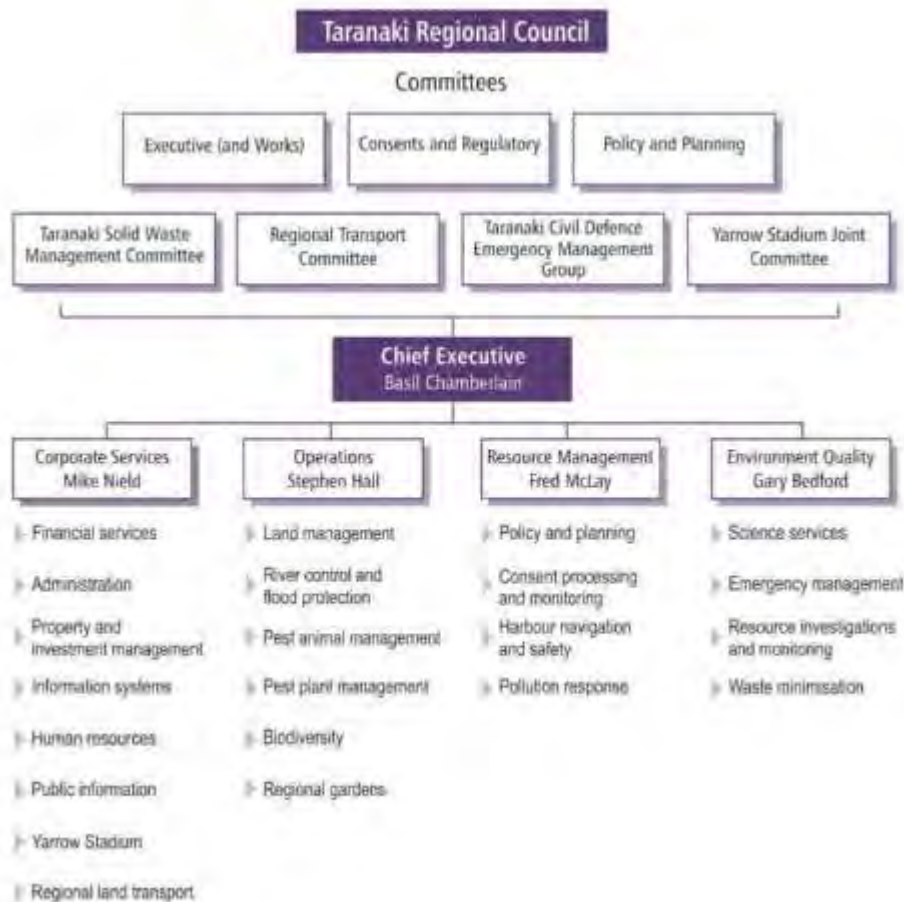
Further Stream Health Monitoring and Assessment Kit (SHMAK) training has been completed with Te Atiawa and Ngāti Mutunga representatives. Ongoing support and assistance will be provided to these iwi and the other iwi and hapu groups to maintain the integrity of the monitoring undertaken.

## 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.

## 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

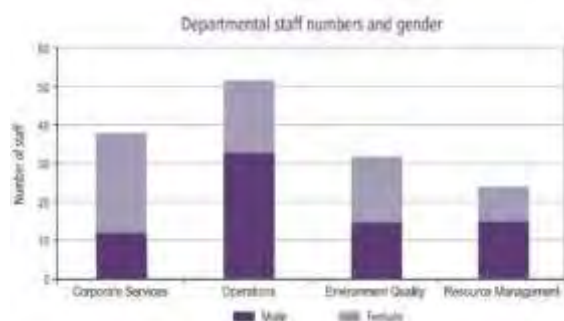
- assisting people in a courteous, helpful, accurate and professional manner
- providing people with a better service than they may expect to receive, noting that many people do not have dealings with us out of choice
- recognising the social and cultural diversity that exists and take this into account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

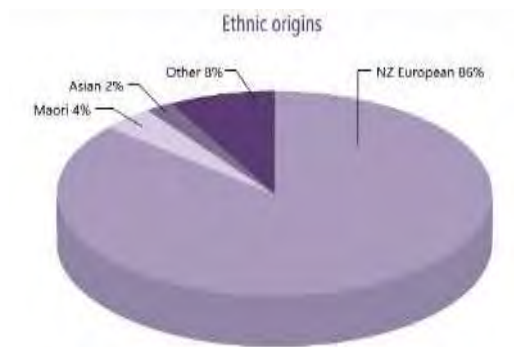


## EMPLOYMENT AGREEMENTS

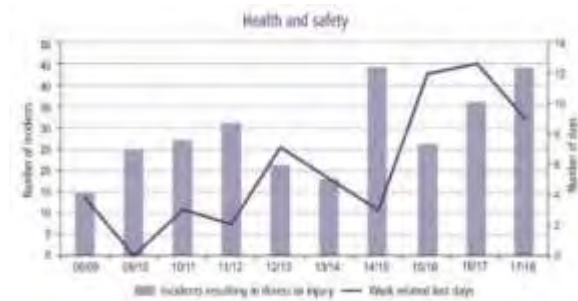
One-hundred and forty six (2017/2018—146) permanent staff are employed. Of these, 75% (82%) are employed under the *Taranaki Regional Council Collective Agreement*, with the balance employed on individual agreements and expired Collective Agreements. Staff employed under the collective agreement are 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 Taranaki Region

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

## THE REGION

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

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

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

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

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



Figure 2: The Taranaki Region

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



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## 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



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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



