



AGENDA

Executive, Audit & Risk

Monday 1 August 2022, 10am

Executive, Audit & Risk Committee

01 August 2022 10:00 AM

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Purpose of Executive, Audit and Risk Committee

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

Responsibilities

Financial and expenditure

Capital expenditure

Work proposals and expenditure

Corporate services and personnel matters

Port Taranaki Ltd matters

General Contractual and other matters.

Membership of Executive, Audit and Risk Committee

Councillor N W Walker (Chairperson)

Councillor M J Cloke

Councillor M P Joyce (ex officio)

Councillor D L Lean

Councillor C L Littlewood

Councillor M J McDonald

Councillor D N MacLeod (ex officio)

Mr B Robertson (Independent - Yarrow Stadium)

Health and Safety Message

Emergency Procedure

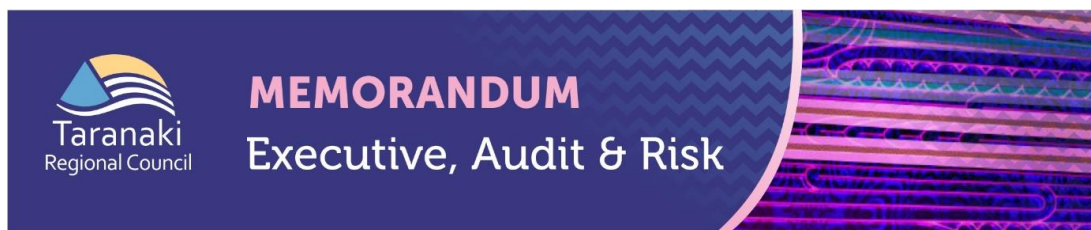
In the event of an emergency, please exit through the emergency door in the committee room by the kitchen.

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

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

Earthquake

If there is an earthquake - drop, cover and hold where possible. Please remain where you are until further instruction is given.



Date 1 August 2022

Subject: **Confirmation of Minutes – 20 June 2022**

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

Document: 3086464

Recommendations

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

- a) takes as read and confirms the minutes and resolutions of the Executive, Audit and Risk Committee held in the Taranaki Regional Council Chambers, 47 Cloten Road, Stratford on Monday 20 June 2022 at 10am
- b) notes the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 28 June 2022.

Matters arising

Appendices/Attachments

Document 3079590: Minutes Executive Audit and Risk Committee 20 June 2022



Date 20 June 2022, 10am
Venue: Taranaki Regional Council chambers, 47 Cloten Road, Stratford
Document: 3079590

| | | | |
|-----------------------------------|---------------------------|--|---|
| Members | Councillors | N W Walker M J Cloke D L Lean C L Littlewood M J McDonald D N MacLeod M P Joyce | Committee Chairperson <i>zoom</i> <i>zoom</i> <i>ex officio zoom</i> <i>ex officio zoom</i> |
| Attending | Councillor | C S Williamson Mr S Ruru Mr M J Nield Mr D R Harrison Ms R Johnson Ms S Hiestand Ms K Humphries Ms F Ritson Mr C Woollin Ms J Reader Miss R Sweeney Ms S Singh <i>Two members of the public.</i> | Taranaki Regional Council Chief Executive Director – Corporate Services Director – Operations Financial Services Manager Transport Engagement Manager Transport Coordinator Senior Policy Analyst Communications Advisor Communications Manager Governance Administrator I Love Public Transport |
| Apologies | There were no apologies. | | |
| Notification of Late items | There were no late items. | | |

1. Deputation – Suraya Sidhu Singh, I Love Public Transport

- 1.1 Mrs Suraya Sidhu Singh gave a deputation to the Council on behalf of the I Love Public Transport community group in regards to the benefits of better regional and inter-regional services to ensure Taranaki has a connected and efficient public transport network.
- 1.2 The Committee thanked Mrs Singh for her deputation.

2. Confirmation of Minutes – 9 May 2022

Resolved

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

- a) takes as read and confirms the minutes and resolutions of the Executive, Audit and Risk Committee held in the Taranaki Regional Council Chambers, 47 Cloten Road, Stratford on 9 May 2022 at 10am
- b) notes the recommendations therein were adopted by the Taranaki Regional Council on 17 May 2022.
Littlewood/Walker

3. Financial and Operational Report

- 3.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum receiving information on the operational and financial performance of the Council.
- 3.2 Mr D R Harrison, Director – Operations, responded to a question raised by Councillor C L Littlewood on the fatal crash in Waitara and whether the Council had a bollard in place.

Recommended

That the Taranaki Regional Council:

- a) receives the memorandum *Financial and Operational Report* and the *April 2022 Monthly Financial Report*
- b) notes the digital media update.
Walker/Littlewood

4. Health and Safety Report

- 4.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to receive and consider the health and safety performance of the Council.

Recommended

That the Taranaki Regional Council:

- a) receives the April 2022 health and safety report
- b) receives the May 2022 health and safety report.
Joyce/Lean

5. Update and Future Steps for Public Transport

- 5.1 Ms S Hiestand, Transport Engagement Manager, spoke to the memorandum to provide an update to the Committee regarding current public transport improvements to date and the strategy and deliverable improvements to Public Transport for the upcoming financial year.

Recommended

That the Taranaki Regional Council:

- a) receives the memorandum Update and Future steps for Public Transport
- b) notes the update on performance for the current financial year future strategy and implementation for the coming financial year.

MacLeod/Littlewood

6. Endorsement of submission on Horizons Draft Regional Public Transport Plan 2022

- 6.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to seek formal endorsement of a submission on *Horizons Draft Regional Public Transport Plan 2022-2032*.

Recommended

That the Taranaki Regional Council:

- a) receives the memorandum entitled *Endorsement of submission on Horizons Draft Regional Public Transport Plan 2022-2032*
- b) endorses the submission made to the Horizons Regional Council on the Horizons Draft Regional Public Transport Plan 2022-2032

MacLeod/Joyce

7. Pukeiti Upgrade Update

- 7.1 Mr G Rine, Regional Gardens Manager, spoke to the memorandum to update the Council on the Pukeiti Upgrade and answer any question that arose from the Committee.
- 7.2 The Committee gave thanks and recognition for the many years of valued work by Mr G Rine.

Recommended

That the Taranaki Regional Council:

- a) receives and notes the memorandum *Pukeiti Upgrade Update*.

Littlewood/Lean

8. Public Excluded – Executive, Audit & Risk Committee

In accordance with section 48(1) of the *Local Government Official Information and Meetings Act 1987*, resolves that the public is excluded from the following part

of the proceedings of the Executive, Audit and Risk Committee Meeting on Monday 28 March 2022 for the following reason/s:

Item 9 - Public Excluded Minutes – 9 May 2022

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

Item 10 – IRIS Next Generation (IRIS NG)

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

Item 11 – Purchase of Property – 43 Cloten Road, Stratford

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

Item 12 – Yarrow Stadium Plus: Project Steering Group Report

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

Littlewood/MacLeod

There being no further business, the Committee Chairperson, Councillor N W Walker, declared the open meeting of the Executive, Audit and Risk Committee closed at 10.35am.

Confirmed

**Executive, Audit &
Risk Chairperson:** _____

N W Walker

1 August 2022



Date 1 August 2022

Subject: **Financial and Operational Report**

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

Document: 3085060

Purpose

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

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum *Financial and Operational Report* and the May 2022 Monthly Financial Report
- b) notes the digital media update.

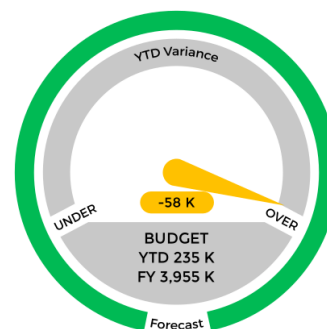
Background

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

Discussion

3. Attached is the Monthly Financial Report for May 2022.
4. In the "Financial Indicators Section", for revenue, expenditure and operating surplus/deficit, for the whole of the Council the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.

5. The financial performance pie graphs for operating expenditure and income show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of activities where the variance is within plus or minus 5% and less than \$50,000. The yellow slice indicates the number of activities where the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. The red slice indicates the number of activities where the variance is more than plus or minus 10% and more than \$100,000.
6. For each Group of Activities (Resource management, Biosecurity and biodiversity, Transport, Hazard management, Recreation culture and heritage, and Regional representation, advocacy and investment management, in the “Financial Indicators Section”, for revenue and expenditure, for that group of activities, the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.
7. In the “Operating Expenditure by Activity” section, there is a dial for each activity comparing YTD expenditure against budget and a forecast for the rest of the year. The colours are green – variance of less than plus or minus 5%, yellow – plus or minus variance of more than 5% but less than 10% and red – plus or minus variance of more than 10%. The key components of each dial are:
- The outer ring is the forecast for the rest of the year - green OK, yellow performance at risk, red target will not be achieved
 - The pointer indicates whether the variance is over or under budget and the colour indicates the scale of the variance - the actual variance figure sits at the bottom of the pointer
 - The YTD and full year (FY) budgets are included in the grey section.
8. Financially, the Council is in-line with the estimates established for 2021/2022 in the *2021/2031 Long-Term Plan*.
9. At 31 May 2022, the overall financial result is ahead of budget.
10. Significant income and expenditure variances by activity (plus or minus \$100,000) are:
- *Consent processing and administration* - \$299,687 over budget due to increased workload and demand in resource consents
 - *Compliance monitoring programmes* - \$771,077 under budget due to vacancies and less time spent on monitoring activities than planned
 - *Pollution incidents and response* - \$174,769 under budget due to the number and scale of responses
 - *State of the environment monitoring* - \$449,992 over budget due to additional work required reviewing programmes to meet the new National Policy Statement for Freshwater Management



- *Resource investigations and projects* - \$112,565 under budget due to staff focus on state of the environment monitoring
- *Sustainable land management plans and plant supply programme* - \$583,207 under budget due to the plant purchases being later than planned
- *Waitara river catchment* - \$2,791,079 under budget due to the delay in the establishment of the Waitara River Committee
- *Enhancement grants* - \$269,818 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year end
- *Resource management direct charges* - \$1,656,212 under budget mainly due to Waitara Lands reserve distributions being less than budgeted
- *Biosecurity/pest management* - \$117,400 under budget mainly due to staff vacancies and lower contractor costs
- *Towards Predator-Free Taranaki* - \$1,319,789 under budget due to lower rural project contract costs and delays in availability of materials.
- *Biosecurity and biodiversity direct charges* - \$1,330,667 under budget due to the delay in Towards Predator-Free Taranaki expenditure. Project funding is on track, however revenues are not recognised until the costs are incurred
- *Transport direct charges* - \$219,636 under budget due to bus fare revenue being down. This has been affected by the on-going impacts of Covid-19
- *Transport government grants* - \$363,148 over budget due to increased claims due to lower bus fare revenues
- *River control schemes* - \$114,149 under budget due to timing of required maintenance
- *Regional Gardens* - \$1,363,196 under budget due to a delay in the Kaitake Trail project funding
- *Governance* - \$101,060 over budget mainly due to higher meeting costs.

Operational Report

11. Programmes are materially on target with the planned levels of activity established for 2021/2022 in the 2021/2031 *Long-Term Plan*. Further consideration of operational performance can be addressed when considering the Draft Annual Report.

Communications and Engagement

12. Communications and engagement activities are delivered across publications, media releases, advertising, digital media and through education. Recent points of note are:
 - Stakeholder engagement around Yarrow Stadium East Stand design and budget announcement resulted in extensive coverage in local media, social media and some national coverage
 - Release of the State of the Environment Report attracted significant media coverage and has been profiled on social media and the TRC website
 - Local body election communications got underway with a media release about the opening of nominations and website updates to provide information for candidates and voters

- Trends in rat numbers in urban New Plymouth were highlighted in a media release
- Retiring gardens manager Greg Rine was profiled in a series of articles in specialist and local publications
- Council officers or elected members have spoken on More FM on various topics ranging from Towards Predator Free to Yarrow Stadium
- The Education team delivered education and sustainability programmes with 1,889 students from 21 schools in May (this number includes students who attended more than one session).

Social Media by the numbers

13. Social media continues to be an important communication channel for the Council:

- The total reach (non-unique users) across eight Facebook pages was 92K
- Our Facebook page fans total 20,053 (non-unique) fans across eight pages.

| Reach and engagement (by Facebook page) are detailed in the table below: | Page fans | Reach |
|--|--------------|--------|
| Taranaki Regional Council | 5,343 (+36) | 42,510 |
| Taranaki Public Transport | 1,582 (+12) | 4,975 |
| Tūpare | 1,982 (+67) | 3,884 |
| Pukeiti | 2,853 (+135) | 6,298 |
| Hollard Gardens | 2,377 (+81) | 2,765 |
| Towards Predator-Free Taranaki | 1,622 (+5) | 16,201 |
| Yarrow Stadium | 3,743 (+14) | 12,329 |
| Enviroschools | 551 (+10) | 3,102 |

| Top Facebook posts | | Reach | Engagement |
|--------------------|---|--------|---------------|
| 1 | Kids' gumboot walk (garden event) [Pukeiti] | 14,700 | Not available |
| 2 | Medicinal uses of native plants (garden event) [Pukeiti] | 11,200 | Not available |
| 3 | Last weekend, TRC Education Officer Dr. Emily Roberts and Highlands Intermediate teacher Mr Pat Swanson came across something quite spectacular on our Taranaki shores. These unusual visitors are known as the "blue fleet" ... [Taranaki Regional Council] | 6,630 | 1,147 |

| Top Facebook posts | | Reach | Engagement |
|--------------------|---|-------|------------|
| 4 | Wow!!! Here's a first look at the designs for our awesome new East Stand at Yarrow Stadium. The video takes you around and inside the building... [Yarrow Stadium] | 5,652 | 2,239 |
| 5 | Welcome to the weird and wonderful world of bugs, te aitanga pepeke! 🐛🐌🐛🐌 This term, TRC Education Officer Dr. Emily Roberts and students from St John Bosco School, Fitzroy, Coastal Taranaki School, Uruti School, Spotswood College and New Plymouth Boys' High School found and identified lots of rare and unusual invertebrate species... [Taranaki Regional Council] | 2,867 | 410 |
| 6 | We love that the new East Stand is going to be so easy to use for weekend sports. The building is double-sided so spectators can watch the action on either the main field or rear sports field. The stand design is flexible enough to suit a small community match or a huge international game with all or part of the facility able to be opened up. [Yarrow Stadium] | 2,657 | 537 |
| 7 | Students at Woodleigh School, New Plymouth were busy counting manu today as part of the New Zealand Garden Bird Survey... [Towards Predator Free] | 2,400 | 95 |
| 8 | Congratulations to David and Samantha Turner of The Grange, who not only took out the Taranaki Regional Council Sustainability Award at the Ballance Farm Environment Awards - Taranaki Region this week but were also named regional supreme winners! Awesome. | 2,085 | 156 |
| 9 | Check out the wonderful mahi Hawera High School have been doing to help their local community. Over Term 2 students have contributed towards the creation of a community garden at Saint Mary's Anglican Church by taking soil samples for testing, gathering mulch materials, layering mulch into garden beds ... [Taranaki EnviroSchools] | 1,860 | 349 |
| 10 | A huge thank you to all those who attended yesterday's fruit tree pruning workshop 🍏 - what a great turn out! For those who missed it, not to worry we have you covered, Shannon's plum pruning tricks will see you right 😊 [Taranaki EnviroSchools] | 979 | 290 |

Common Seal

14. There are no transactions executed under Common Seal to report.

Financial considerations—LTP/Annual Plan

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

Policy considerations

16. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

Community considerations

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

Legal considerations

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

Appendices/Attachments

Document 3088970: Monthly Financial Report - May 2022



MAY 2022

MONTHLY FINANCIAL REPORT

TARANAKI REGIONAL COUNCIL










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Executive summary

Financial performance

| FINANCIAL INDICATORS | | | | | |
|--|---|--|---|--|--|
| Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10% | | | | | |
| Total revenue | | Operating expenditure | | Operating surplus/deficit | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council’s activities: | | Council’s total revenue less operating expenditure: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$38.6M | \$2865.2K under budget  | \$36.2M | \$6831.7K under budget  | \$2.4M | \$3966.5K ahead of budget  |
| Against a YTD budget of \$41.4M and a full year budget of \$47.9M. | | Against a YTD budget of \$43.0M and a full year budget of \$50.1M. | | Against a YTD budget of \$-1.6M and a full year budget of \$-2.3M. | |

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

Commentary and variances

The financial year continues to track ahead of budget.

Key

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

Introduction

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

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

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

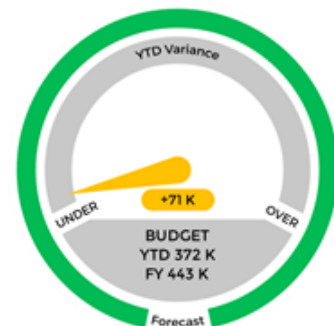
For each Group of Activities:

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

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

The key components of each dial are:

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



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

Statement of comprehensive revenue and expense

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

| | Month | | | Year to date | | | 2021/2022 |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Cost of services | | | | | | | |
| Resource management | 1,800,156 | 5,255,059 | 3,454,903 | 17,182,778 | 20,689,853 | 3,507,075 | 26,168,383 |
| Biosecurity and biodiversity | 736,884 | 589,558 | -147,326 | 5,965,266 | 7,554,186 | 1,588,920 | 7,959,256 |
| Transport | 670,326 | 471,547 | -198,779 | 4,966,366 | 5,082,312 | 115,946 | 5,668,046 |
| Hazard management | 135,100 | 90,131 | -44,969 | 887,944 | 979,006 | 91,062 | 1,062,244 |
| Recreation culture and heritage | 869,678 | 979,140 | 109,462 | 5,200,127 | 6,538,323 | 1,338,196 | 6,987,506 |
| Regional representation advocacy and investment management | 216,636 | 189,260 | -27,376 | 1,842,172 | 1,680,061 | -162,111 | 1,822,543 |
| Total operating expenditure | 4,428,780 | 7,574,695 | 3,145,915 | 36,044,653 | 42,523,741 | 6,479,088 | 49,667,978 |
| Revenue from exchange transactions | | | | | | | |
| Direct charges revenue | 421,888 | 313,690 | 108,198 | 4,185,134 | 4,424,174 | -239,040 | 4,729,359 |
| Rent revenue | 147,514 | 93,749 | 53,765 | 1,256,086 | 1,031,239 | 224,847 | 1,125,000 |
| Dividends | 0 | 0 | 0 | 8,000,000 | 8,000,000 | 0 | 8,000,000 |
| Revenue from non-exchange transactions | | | | | | | |
| General rates revenue | 2,734,322 | 2,734,323 | -1 | 10,937,289 | 10,937,289 | 0 | 10,937,289 |
| Targeted rates revenue | 1,091,662 | 1,091,661 | 1 | 4,366,647 | 4,366,647 | 0 | 4,366,647 |
| Direct charges revenue | 162,774 | 2,963,180 | -2,800,406 | 4,460,534 | 7,621,984 | -3,161,450 | 12,820,150 |
| Government grants | 347,583 | 174,060 | 173,523 | 4,933,819 | 4,411,825 | 521,994 | 5,229,709 |
| Vested assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total income | 4,905,742 | 7,370,663 | -2,464,921 | 38,139,508 | 40,793,158 | -2,653,650 | 47,208,154 |
| Operating surplus/(deficit) before finance income/expenses & taxation | 476,962 | -204,032 | 680,994 | 2,094,855 | -1,730,583 | 3,825,438 | -2,459,824 |
| Finance income | 57,452 | 408,264 | -350,812 | 421,291 | 632,830 | -211,539 | 647,417 |
| Finance expense | -13,334 | -393,681 | -380,347 | -119,832 | -472,417 | -352,585 | -472,417 |
| Net finance expense | 44,119 | 14,583 | 29,536 | 301,459 | 160,413 | 141,046 | 175,000 |
| Operating surplus before taxation | 521,081 | -189,449 | 710,530 | 2,396,314 | -1,570,170 | 3,966,484 | -2,284,824 |
| Other gains/losses | | | | | | | |
| Gains/(losses) on revaluation of properties | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating surplus before taxation | 521,081 | -189,449 | 710,530 | 2,396,314 | -1,570,170 | 3,966,484 | -2,284,824 |
| Income tax expense | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Surplus/(deficit) for the period | 521,081 | -189,449 | 710,530 | 2,396,314 | -1,570,170 | 3,966,484 | -2,294,824 |
| Other comprehensive income | | | | | | | |
| Revaluation of property, plant and equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other comprehensive income, net of tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating surplus/(deficit) | 521,081 | -189,449 | 710,530 | 2,396,314 | -1,570,170 | 3,966,484 | -2,294,824 |

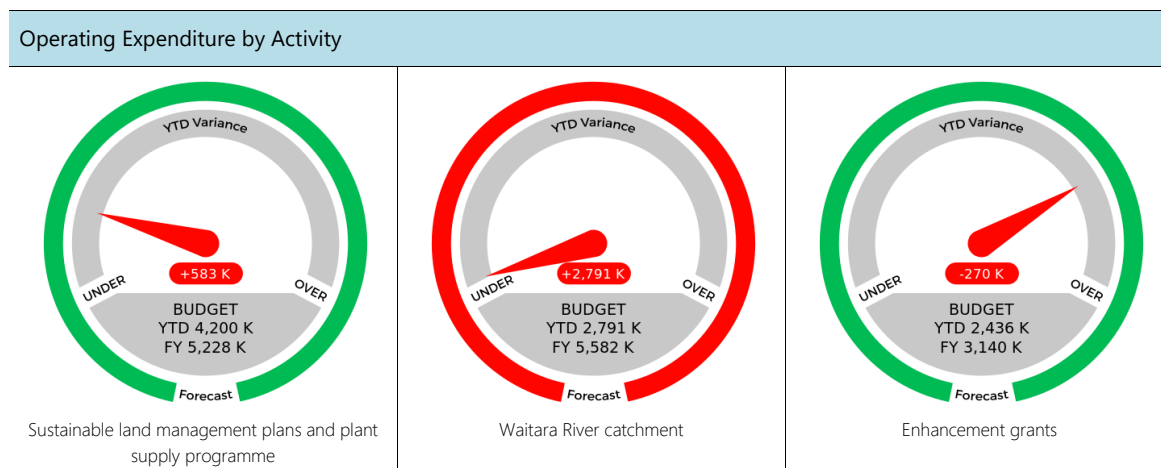
Resource management

Financial performance

| FINANCIAL INDICATORS | | | |
|--|-----------------------------|--|-----------------------------|
| Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10% | | | |
| Total revenue | | Operating expenditure | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council's activities: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$8.8M | \$1577.4K under budget ↓ | \$17.2M | \$3507.1K under budget ↑ |
| Against a YTD budget of 10.3M and a full year budget of 16.0M. | | Against a YTD budget of 20.7M and a full year budget of 26.2M. | |

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

RESOURCE MANAGEMENT



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

Commentary and variances

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

Consent processing and administration - \$299,687 over budget due to increased workload and demand in resource consents.

Compliance monitoring programmes - \$771,077 under budget due to vacancies and less time spent on monitoring activities than planned.

Pollution incidents and response - \$174,769 under budget due to the number and scale of responses.

State of the environment monitoring - \$449,992 over budget due to additional work required reviewing programmes to meet the new National Policy Statement for Freshwater Management.

Resource investigations and projects - \$112,565 under budget due to staff focus on state of the environment monitoring.

Sustainable land management plans and plant supply programme - \$583,207 under budget due to the plant purchases being later than planned.

Waitara River Catchment - \$2,791,079 under budget due to the delay in the establishment of the Waitara River Committee.

Enhancement grants - \$269,818 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year end.

Direct charges revenue - \$1,656,212 under budget mainly due to Waitara Lands reserve distributions being less than budgeted.

RESOURCE MANAGEMENT

Cost of services statement

| RESOURCE MANAGEMENT | | | | | | | |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Month | | | Year to date | | | 2021/2022 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Resource management planning | 143,043 | 117,921 | -25,122 | 974,417 | 1,068,293 | 93,876 | 1,158,681 |
| Consent processing and administration | 198,192 | 121,080 | -77,112 | 1,383,688 | 1,084,001 | -299,687 | 1,173,890 |
| Compliance monitoring programmes | 403,866 | 477,709 | 73,843 | 3,499,281 | 4,270,358 | 771,077 | 4,632,383 |
| Pollution incidents and response | 92,227 | 116,217 | 23,990 | 870,384 | 1,045,153 | 174,769 | 1,133,675 |
| State of the environment monitoring | 359,268 | 345,707 | -13,561 | 3,598,089 | 3,148,097 | -449,992 | 3,416,636 |
| Resource investigations and projects | 118,341 | 67,521 | -50,820 | 534,232 | 646,797 | 112,565 | 702,239 |
| Sustainable land management plans and plant supply programme | 402,984 | 1,133,988 | 731,004 | 3,616,388 | 4,199,595 | 583,207 | 5,228,414 |
| Waitara River catchment | 0 | 2,791,104 | 2,791,104 | 25 | 2,791,104 | 2,791,079 | 5,582,207 |
| Enhancement grants | 82,234 | 83,812 | 1,578 | 2,706,273 | 2,436,455 | -269,818 | 3,140,258 |
| Total expenditure | 1,800,156 | 5,255,059 | 3,454,903 | 17,182,778 | 20,689,853 | 3,507,075 | 26,168,383 |
| Income | | | | | | | |
| General rates | 1,027,600 | 1,027,600 | 0 | 5,040,033 | 5,040,033 | 0 | 4,965,037 |
| Direct charges | 523,408 | 3,142,376 | -2,618,968 | 6,174,468 | 7,830,680 | -1,656,212 | 13,199,566 |
| Government grants | 0 | 0 | 0 | 2,576,011 | 2,497,165 | 78,846 | 2,836,000 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to reserves | -28,530 | 0 | -28,530 | -1,335,883 | 0 | -1,335,883 | -75,000 |
| Investment funds | 277,677 | 1,085,083 | -807,406 | 4,728,148 | 5,321,974 | -593,826 | 5,242,780 |
| Total income | 1,800,156 | 5,255,059 | -3,454,903 | 17,182,778 | 20,689,852 | -3,507,074 | 26,168,383 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | -1 | -1 | 0 |

Biosecurity and biodiversity

Financial performance

| FINANCIAL INDICATORS | | | |
|--|-----------------------------|--|-----------------------------|
| Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10% | | | |
| Total revenue | | Operating expenditure | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council's activities: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$1.5M | \$1410.7K under budget ↓ | \$6.0M | \$1588.9K under budget ↓ |
| Against a YTD budget of 3.0M and a full year budget of 3.0M. | | Against a YTD budget of 7.6M and a full year budget of 8.0M. | |

| Operating Expenditure by Activity | | |
|--|--|---------------------|
| <p>Biosecurity and biodiversity planning</p> | <p>Biosecurity/pest management</p> | <p>Biodiversity</p> |
| <p>Towards Predator-Free Taranaki</p> | <p>Key YTD Variance</p> <ul style="list-style-type: none"> ■ < 5% and less than \$50,000 ■ ≥ 5% < 10% and between \$50,000 and \$100,000 ■ ≥ 10% and greater than \$100,000 | |

Commentary and variances

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

Biosecurity/pest management - \$117,400 under budget mainly due to staff vacancies and lower contractor costs.

Towards Predator-Free Taranaki - \$1,319,789 under budget due to lower rural project contract costs and delays in availability of materials.

Direct charges revenue - \$1,330,667 under budget due to the delay in Towards Predator-Free Taranaki expenditure. Project funding is on track, however its revenues are not recognised until the costs are incurred.



BIOSECURITY AND BIODIVERSITY

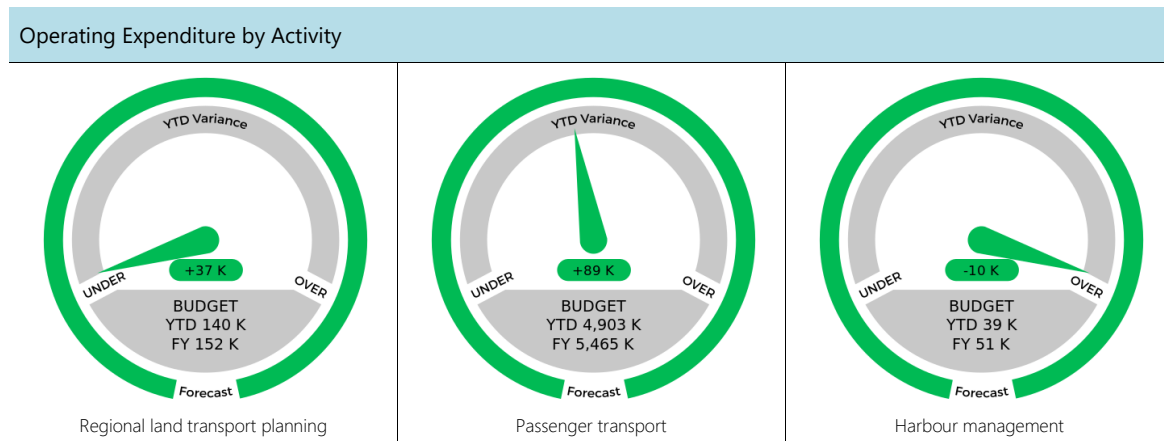
Cost of services statement

| BIOSECURITY AND BIODIVERSITY | | | | | | | |
|---------------------------------------|----------------|----------------|-----------------|------------------|------------------|-------------------|------------------|
| | Month | | | Year to date | | | 2021/2022 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Biosecurity and biodiversity planning | 0 | 7,895 | 7,895 | 9,943 | 71,583 | 61,640 | 77,645 |
| Biosecurity/pest management | 199,169 | 226,021 | 26,852 | 1,901,746 | 2,019,146 | 117,400 | 2,180,261 |
| Biodiversity | 154,152 | 137,131 | -17,021 | 1,534,723 | 1,624,814 | 90,091 | 1,765,513 |
| Towards Predator-Free Taranaki | 383,563 | 218,511 | -165,052 | 2,518,854 | 3,838,643 | 1,319,789 | 3,935,837 |
| Total expenditure | 736,884 | 589,558 | -147,326 | 5,965,266 | 7,554,186 | 1,588,920 | 7,959,256 |
| Income | | | | | | | |
| General rates | 277,274 | 277,274 | 0 | 2,239,192 | 2,239,192 | 0 | 2,426,731 |
| Direct charges | 3,198 | 19,500 | -16,302 | 1,619,877 | 2,950,544 | -1,330,667 | 2,970,043 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment funds | 456,412 | 292,784 | 163,628 | 2,106,197 | 2,364,453 | -258,256 | 2,562,482 |
| Total income | 736,884 | 589,558 | 147,326 | 5,965,266 | 7,554,189 | -1,588,923 | 7,959,256 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 3 | 3 | 0 |

Transport

Financial performance

| FINANCIAL INDICATORS | | | |
|---|---|--|--|
| Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10% | | | |
| Total revenue | | Operating expenditure | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council's activities: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$3.1M | \$143.5K over budget  | \$5.0M | \$115.9K under budget  |
| Against a YTD budget of 2.9M and a full year budget of 3.5M. | | Against a YTD budget of 5.1M and a full year budget of 5.7M. | |



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

Commentary and variances

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

Direct charges revenue - \$219,636 under budget due to bus fare revenue being down. This has been affected by the on-going impacts of Covid-19.

Government grants revenue - \$363,148 over budget due to increased claims due to lower bus fare revenues.

TRANSPORT

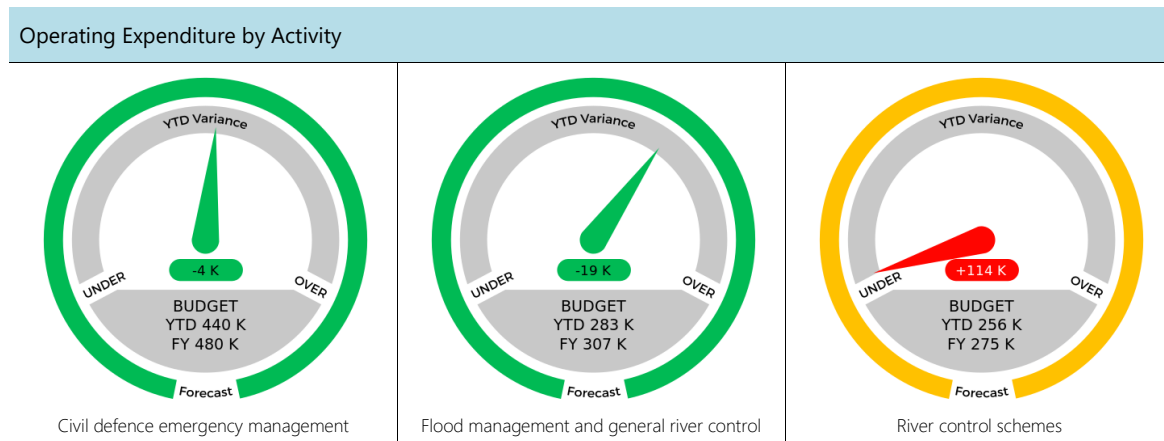
Cost of services statement

| TRANSPORT | | | | | | | |
|------------------------------------|----------------|----------------|-----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2021/2022 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Regional land transport planning | 12,024 | 15,209 | 3,185 | 103,834 | 140,412 | 36,578 | 152,418 |
| Passenger transport | 658,182 | 455,838 | -202,344 | 4,813,632 | 4,902,650 | 89,018 | 5,464,628 |
| Harbour management | 120 | 500 | 380 | 48,899 | 39,250 | -9,649 | 51,000 |
| Total expenditure | 670,326 | 471,547 | -198,779 | 4,966,366 | 5,082,312 | 115,946 | 5,668,046 |
| Income | | | | | | | |
| General rates | -74,967 | -74,967 | 0 | 349,284 | 349,284 | 0 | 356,499 |
| Targeted rates | 359,749 | 359,747 | 2 | 1,438,997 | 1,438,997 | 0 | 1,438,997 |
| Direct charges | 76,092 | 91,868 | -15,776 | 790,912 | 1,010,548 | -219,636 | 1,102,400 |
| Government grants | 347,583 | 174,060 | 173,523 | 2,277,808 | 1,914,660 | 363,148 | 2,393,709 |
| Government grants for capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment funds | -38,131 | -79,161 | 41,030 | 109,365 | 368,823 | -259,458 | 376,441 |
| Total income | 670,326 | 471,547 | 198,779 | 4,966,366 | 5,082,312 | -115,946 | 5,668,046 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Hazard management

Financial performance

| FINANCIAL INDICATORS | | | |
|--|-------------------------|--|---------------------------|
| Financial threshold key (for adverse variances): ● $\geq 5\%$ and ● $< 10\% \geq 10\%$ | | | |
| Total revenue | | Operating expenditure | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council's activities: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$0.0M | \$1.3K over budget ↑ | \$0.9M | \$91.1K under budget ↓ |
| Against a YTD budget of 0.0M and a full year budget of 0.0M. | | Against a YTD budget of 1.0M and a full year budget of 1.1M. | |



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

Commentary and variances

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

River control schemes - \$114,149 under budget due to timing of required maintenance.

HAZARD MANAGEMENT

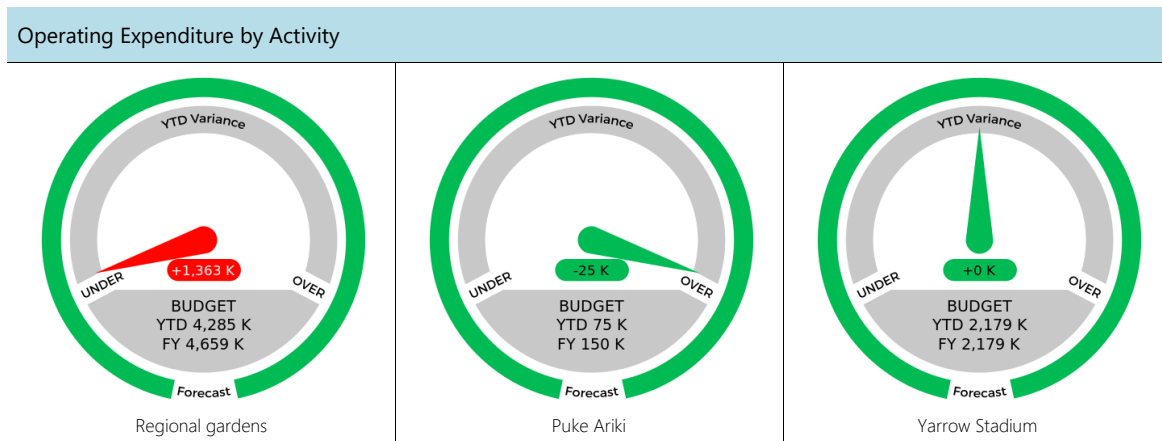
Cost of services statement

| HAZARD MANAGEMENT | | | | | | | |
|--|----------------|----------------|----------------|----------------|------------------|----------------|------------------|
| | Month | | | Year to date | | | 2020/2021 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Civil defence emergency management | 40,066 | 40,000 | -66 | 444,305 | 440,000 | -4,305 | 480,000 |
| Flood management and general river control | 49,020 | 29,578 | -19,442 | 301,574 | 282,793 | -18,781 | 306,799 |
| River control schemes | 46,015 | 20,553 | -25,462 | 142,064 | 256,213 | 114,149 | 275,445 |
| Total expenditure | 135,100 | 90,131 | -44,969 | 887,944 | 979,006 | 91,062 | 1,062,244 |
| Income | | | | | | | |
| General rates | -46,576 | -46,576 | 0 | 43,603 | 43,603 | 0 | 98,523 |
| Targeted rates | 187,245 | 187,246 | -1 | 748,981 | 748,981 | 0 | 748,981 |
| Direct charges | 134 | 0 | 134 | 1,283 | 0 | 1,283 | 0 |
| Government grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from reserves | 0 | 20,833 | -20,833 | 132,533 | 229,163 | -96,630 | 250,000 |
| Transfer to reserves | -126,581 | 0 | -126,581 | -649,484 | 0 | -649,484 | -50,515 |
| Investment funds | 143,069 | -49,181 | 192,250 | 699,807 | 46,038 | 653,769 | 104,034 |
| Total income | 157,291 | 112,322 | 44,969 | 976,723 | 1,067,785 | -91,062 | 1,151,023 |
| Operating surplus/(deficit) | 22,191 | 22,191 | 0 | 88,779 | 88,779 | 0 | 88,779 |

Recreation, culture and heritage

Financial performance

| FINANCIAL INDICATORS | | | |
|--|--------------------------|--|-----------------------------|
| Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10% | | | |
| Total revenue | | Operating expenditure | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council's activities: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$0.2M | \$36.7K over budget ↓ | \$5.2M | \$1338.2K under budget ↑ |
| Against a YTD budget of 0.2M and a full year budget of 0.2M. | | Against a YTD budget of 6.5M and a full year budget of 7.0M. | |



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

Commentary and variances

Overall recreation, culture and heritage expenditure is under budget. Material activity variances (> or < than \$100,000) are:
 Regional Gardens - \$1,363,196 under budget due to a delay in the Kaitake Trail project funding.

RECREATION, CULTURE AND HERITAGE

Cost of services statement

| RECREATION CULTURE AND HERITAGE | | | | | | | |
|------------------------------------|----------------|----------------|-----------------|------------------|------------------|-------------------|------------------|
| | Month | | | Year to date | | | 2021/2022 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Regional gardens | 300,011 | 434,472 | 134,461 | 2,921,458 | 4,284,654 | 1,363,196 | 4,658,837 |
| Puke Ariki | 25,000 | 0 | -25,000 | 100,000 | 75,000 | -25,000 | 150,000 |
| Yarrow Stadium | 544,667 | 544,668 | 1 | 2,178,669 | 2,178,669 | 0 | 2,178,669 |
| Total expenditure | 869,678 | 979,140 | 109,462 | 5,200,127 | 6,538,323 | 1,338,196 | 6,987,506 |
| Income | | | | | | | |
| General rates | 203,036 | 203,036 | 0 | 2,029,331 | 2,029,331 | 0 | 2,239,529 |
| Targeted rates | 544,667 | 544,668 | -1 | 2,178,669 | 2,178,669 | 0 | 2,178,669 |
| Direct charges | 10,401 | 17,043 | -6,642 | 224,140 | 187,473 | 36,667 | 204,500 |
| Investment funds | 111,574 | 214,393 | -102,819 | 767,988 | 2,142,850 | -1,374,862 | 2,364,808 |
| Total income | 869,678 | 979,140 | -109,462 | 5,200,127 | 6,538,323 | -1,338,196 | 6,987,506 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Regional representation, advocacy and investment management

Financial performance

| FINANCIAL INDICATORS | | | |
|--|--------------------------|--|---------------------------|
| Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10% | | | |
| Total revenue | | Operating expenditure | |
| What the Council earns – rates, charges, grants and investment income: | | The costs to operate Council's activities: | |
| Actual YTD: | Trend: | Actual YTD: | Trend: |
| \$0.1M | \$46.6K over budget ↓ | \$1.8M | \$162.1K over budget ↓ |
| Against a YTD budget of 0.1M and a full year budget of 0.1M. | | Against a YTD budget of 1.7M and a full year budget of 1.8M. | |

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

Commentary and variances

Overall regional representation and advocacy expenditure is over budget. Material activity variances (> or < than \$100,000) are:
 Governance - \$101,060 over budget mainly due to higher meeting costs.

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

| REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT | | | | | | | |
|---|----------------|----------------|----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2021/2022 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Investment management | 11,865 | 500 | -11,365 | 35,078 | 5,500 | -29,578 | 6,000 |
| Community engagement | 55,885 | 45,057 | -10,828 | 438,310 | 413,072 | -25,238 | 448,517 |
| Advocacy and response | 35,804 | 36,949 | 1,145 | 340,777 | 334,542 | -6,235 | 362,771 |
| Governance | 113,081 | 106,754 | -6,327 | 1,028,007 | 926,947 | -101,060 | 1,005,255 |
| Total expenditure | 216,636 | 189,260 | -27,376 | 1,842,172 | 1,680,061 | -162,111 | 1,822,543 |
| Income | | | | | | | |
| General rates | 89,096 | 89,096 | 0 | 784,626 | 784,626 | 0 | 850,970 |
| Direct charges | -42 | 6,083 | -6,125 | 113,558 | 66,913 | 46,644 | 73,000 |
| Investment funds | 127,582 | 94,081 | 33,501 | 943,989 | 828,522 | 115,467 | 898,573 |
| Total income | 216,636 | 189,260 | 27,376 | 1,842,172 | 1,680,061 | 162,111 | 1,822,543 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Statement of financial position

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

| | Month End Actual \$ | 2021/2022 Estimates \$ | 2020/2021 Annual Report \$ |
|--------------------------------------|------------------------|---------------------------|-------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 3,876,267 | 527,792 | 2,787,307 |
| Current portion of investments | 6,304,088 | - | 23,231,671 |
| Trade and other receivables | 7,869,520 | 2,000,000 | 8,443,489 |
| Inventories | 98,976 | 150,000 | 98,976 |
| Loan to Taranaki Stadium Trust | - | - | 5,000,000 |
| Prepayments | 442,074 | 100,000 | 262,887 |
| Work in progress | 783,212 | 400,000 | 195,100 |
| Total current assets | 19,374,138 | 3,177,792 | 40,019,430 |
| Non-current assets | | | |
| Treasury investments | 22,444,099 | 18,395,467 | - |
| Port Taranaki Ltd | 26,000,000 | 26,000,000 | 26,000,000 |
| Civic Assurance Ltd | 1,000 | 1,000 | 1,000 |
| Regional Software Holdings Ltd | 798,118 | 798,118 | 798,118 |
| Loan to Taranaki Stadium Trust | 14,500,000 | 17,000,000 | - |
| Investment properties | 20,910,000 | 19,559,000 | 21,305,000 |
| Intangible assets | 322,258 | 1,855,701 | 605,075 |
| Property plant and equipment | 35,065,153 | 38,019,734 | 33,964,020 |
| Deferred tax asset | 117,739 | 80,499 | 117,739 |
| Total non-current assets | 120,158,367 | 121,709,519 | 82,790,952 |
| Total assets | 139,532,505 | 124,887,311 | 122,810,382 |
| Current liabilities | | | |
| Trade and other payables | 11,004,870 | 5,000,000 | 7,241,384 |
| Work-in-progress | 1,979,507 | 600,000 | 1,019,752 |
| Employee entitlements current | 1,196,315 | 1,150,000 | 1,093,749 |
| Borrowings | - | - | 5,000,000 |
| Total current liabilities | 14,180,692 | 6,750,000 | 14,354,885 |
| Non-current liabilities | | | |
| Employee entitlements term | 470,600 | 564,100 | 470,600 |
| Borrowings | 14,500,000 | 17,000,000 | - |
| Total non-current liabilities | 14,970,600 | 17,564,100 | 470,600 |
| Total liabilities | 29,151,292 | 24,314,100 | 14,825,485 |
| Public equity | | | |
| Retained earnings | 72,455,731 | 67,478,937 | 72,377,248 |
| Reserves | 32,586,420 | 27,877,402 | 30,268,587 |
| Asset revaluation reserves | 5,339,062 | 5,216,872 | 5,339,062 |
| Total public equity | 110,381,213 | 100,573,211 | 107,984,897 |
| Total liabilities and equity | 139,532,505 | 124,887,311 | 122,810,382 |

Capital expenditure and disposals

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

| DESCRIPTION | AMOUNT \$ |
|---|-----------|
| Subaru Outback | 46,386 |
| Office Desks | 11,203 |
| Skoda Kodiaq | 55,336 |
| Pukeiti Tramline WIP | 31,349 |
| Accommodation Refurbishment Project WIP | 39,299 |
| Pukeiti Waterwheel Replacement WIP | 13,546 |
| Pukeiti New Outer Tracks WIP | 13,250 |

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

| DESCRIPTION | AMOUNT \$ |
|-------------|-----------|
| Nil | |

Local Authorities (Members' Interests) Act 1968

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

| CODE | CREDITOR NAME | ADDRESS | DATE ESTABLISHED |
|------|---------------------------------------|---|------------------|
| 4089 | Swanepoel, Jacobus | 181 Kairau Road East, RD 3, New Plymouth | 03-May-22 |
| 4090 | Wee Brae Farm Limited | 253 Croydon Road, RD 24, Stratford | 03-May-22 |
| 4091 | Onecomet NZ Limited | Level 31, Gilmer Terrace, Wellington | 04-May-22 |
| 4092 | Safety 1st NZ Limited | 121 Clyde Street, Invercargill | 05-May-22 |
| 4094 | Xcluder Pest Proof Fencing Ltd | P O Box 7135, Te Ngae, Rotorua | 09-May-22 |
| 4095 | The Penrith Trust | 2571A Ohura Road, RD 22, Stratford | 09-May-22 |
| 4096 | DRS Painting n Decorating | 8 Lismore Street, New Plymouth | 11-May-22 |
| 4097 | Mangaroa Farms No 2 Partnership | 3509 Main South Road, RD 32, Opunake | 12-May-22 |
| 4099 | Specialist Environmental Services Ltd | 695A Aubrey Road, Wanaka | 16-May-22 |
| 4100 | Johns, Toia | 50 Dillon Drive, Bell Block, New Plymouth | 16-May-22 |
| 4101 | Akipo Holdings Ltd | 340A Laxon Road, RD 9, Hamilton | 17-May-22 |
| 4103 | Word Winder Works | 294 Devon Street West, New Plymouth | 18-May-22 |
| 4104 | JM & DM Holdings Ltd | 275 Waitara Road, Brixton, New Plymouth | 18-May-22 |
| 4105 | Eco Geek Co Ltd | 257 Coutts Street, Rongotai, Wellington | 19-May-22 |
| 4106 | Altene Partnership | 172 Raupuha Road, RD 22, Stratford | 23-May-22 |
| 4107 | Sojourn Apartment Hotel | 22 Riddiford Street, Newtown, Wellington | 23-May-22 |
| 4108 | The Good Home Limited | 21 Ariki Street, New Plymouth | 23-May-22 |
| 4109 | Hotel on Devonport | 72 Devonport Road, Tauranga | 26-May-22 |
| 4110 | Silverstream Retreat | 3 Reynolds Bach Drive, Stokes Valley | 26-May-22 |
| 4111 | Autotech Taranaki Ltd | P O Box 231, Inglewood | 30-May-22 |

Notes:

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

Financial delegations

The following payments were made during the period to 31 May 2022 that exceeded the budgeted approved delegated authority levels:

| DESCRIPTION | AMOUNT \$ |
|-------------|-----------|
| Nil | |

Aged debtors analysis

The total debtors outstanding at 31 May 2022 were aged as follows:

| DESCRIPTION | AMOUNT \$ | PERCENT % |
|--------------------------|------------------|------------|
| Current balance | 6,220,335 | 85 |
| 30 days balance | 644,970 | 9 |
| 60 days balance | 66,325 | 1 |
| 90 days and over balance | 331,991 | 5 |
| Total debtors | 7,263,621 | 100 |

Reserves

As at 31 May 2022 the following reserve balances were held:

| DESCRIPTION | AMOUNT \$ |
|---|-------------------|
| Contingency/Disaster Reserve | 1,086,000 |
| North Taranaki/Waitara River Control Scheme Reserve | 1,783,546 |
| South Taranaki Rivers Control Scheme Reserve | 48,679 |
| Dividend Equalisation Reserve | 6,250,063 |
| Egmont National Park Control Reserve | 713,000 |
| Endowment Land Sales Reserve | 2,935,000 |
| Waitara Lands Act 2018 Reserve | 19,770,132 |
| Total reserves | 32,586,420 |

Borrowings

The total LGFA borrowings at 31 May 2022 were as follows:

| MATURITY DATE | AMOUNT \$ | INTEREST RATE % |
|----------------------|-------------------|-----------------|
| 15/04/2024 | 2,000,000 | 1.4 |
| 15/04/2025 | 1,000,000 | 4.0 |
| 15/04/2026 | 1,000,000 | 2.5 |
| 15/04/2026 | 1,000,000 | 3.3 |
| 15/04/2026 | 2,000,000 | 3.7 |
| 15/04/2027 | 1,500,000 | 2.6 |
| 15/04/2027 | 1,000,000 | 3.8 |
| 15/05/2028 | 3,000,000 | 1.3 |
| 20/04/2029 | 2,000,000 | 4.2 |
| Total debtors | 14,500,000 | 2.8* |

All borrowings are in accordance with the *Liability Management Policy*. *Weighted average interest rate

Borrowing limits

Council borrowings against policy limits at 31 May 2022 were as follows:

| ITEM | REQUIRED PERFORMANCE | ACTUAL PERFORMANCE |
|----------------------------------|----------------------|--------------------|
| Net Debt/Total Revenue | ≤225% | -38.0% |
| Net Interest/Total Revenue | ≤15% | -0.4% |
| Net Interest/Annual Rates Income | <20% | -1.1% |
| Liquidity | >110% | 325.0% |
| Debt Cap | \$55 million | \$14.5 million |

Bank and investment balances

As at 31 May 2022 the following cash, bank and investment balances were held:

| | % OF TOTAL | COUNCIL POLICY % LIMITS | INVESTED \$ | COUNCIL POLICY \$ LIMITS | S&P CREDIT RATING | YIELD % | MATURITY DATE |
|-------------------------------|------------|-------------------------|-------------------|--------------------------|-------------------|---------|---------------|
| BNZ: | | | | | | | |
| Call Account | 3 | | 1,136,406 | | | 0.3 | On Call |
| Current Account | 8 | | 2,583,338 | | | 0.1 | On Call |
| Waitara Lands Account | | | 72,201 | | | 0.1 | On Call |
| Term Investment | 6 | | 2,012,415 | | | 1.4 | 20/06/2022 |
| Waitara Lands Term Investment | 2 | | 533,760 | | | 2.3 | 25/11/2022 |
| Waitara Lands Term Investment | 4 | | 1,376,782 | | | 2.2 | 7/11/2022 |
| Total BNZ | 24 | 50 | 7,714,902 | 30,000,000 | AA- | | |
| ASB: | | | | | | | |
| Cheque Account | | | 50 | | | | On Call |
| Term Investment | 4 | | 1,515,055 | | | 1.4 | 10/08/2022 |
| Waitara Lands Term Investment | 2 | | 537,831 | | | 1.8 | 30/09/2022 |
| Waitara Lands Term Investment | 7 | | 2,155,314 | | | 2.7 | 07/11/2022 |
| Waitara Lands Term Investment | 4 | | 1,178,375 | | | 1.6 | 09/11/2022 |
| Waitara Lands Term Investment | 14 | | 4,417,675 | | | 1.7 | 30/07/2022 |
| Total ASB | 29 | 50 | 9,804,299 | 30,000,000 | AA- | | |
| Westpac: | | | | | | | |
| Waitara Lands Account | 0 | | 482 | | | 0.1 | On Call |
| Term Investment | 6 | | 2,022,830 | | | 1.2 | 30/06/2022 |
| Term Investment | 5 | | 1,508,204 | | | 3.2 | 31/03/2023 |
| Waitara Lands Term Investment | 8 | | 2,700,191 | | | 1.9 | 06/10/2022 |
| Waitara Lands Term Investment | 7 | | 2,282,607 | | | 1.5 | 21/07/2022 |
| Waitara Lands Term Investment | 7 | | 2,268,844 | | | 1.5 | 22/06/2022 |
| Total Westpac | 33 | 50 | 10,783,158 | 30,000,000 | AA- | | |
| TSB: | | | | | | | |
| Cheque Accounts | | | 733 | | | 0.0 | On Call |
| Call Account | | | 83,057 | | | 0.3 | On Call |
| Term Investment | 5 | | 1,629,734 | | | 1.9 | 09/10/2022 |

Executive, Audit & Risk Committee - Financial and Operational Report

| | % OF TOTAL | COUNCIL POLICY % LIMITS | INVESTED \$ | COUNCIL POLICY \$ LIMITS | S&P CREDIT RATING | YIELD % | MATURITY DATE |
|-------------------------------|------------|-------------------------|-------------------|--------------------------|-------------------|-------------|---------------|
| Waitara Lands Term Investment | 7 | | 2,246,072 | | | 1.5 | 31/07/2022 |
| Total TSB | 12 | 25 | 3,959,595 | 15,000,000 | A- | | |
| | | | | | | | |
| LGFA: | | | | | | | |
| Borrower Notes x 9 | 1 | Unlimited | 362,500 | Unlimited | N/A | 2.4 | Various |
| Total | 100 | | 32,624,454 | | | 1.8* | |

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

www.trc.govt.nz



Date: 1 August 2022

Subject: **Health and Safety Reporting**

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

Document: 3088600

Purpose

1. The purpose of this memorandum is to receive and consider reports on health and safety performance.

Recommendations

That the Taranaki Regional Council:

- a) receives the June 2022 health and safety report.

Discussion

2. The June 2022 health and safety report are attached.
3. As the COVID-19 case numbers are still significant in Taranaki, the Council has continued its response. The Council has had 3-5% of staff isolating as household contacts, or who are COVID positive during the months of April and May.
4. Council work has been categorised into Critical, Important and Business as Usual functions. No Critical, Important functions are yet to be impacted by COVID-19. Some Business as Usual functions are facing some pressure due to Officers isolating or being COVID-19 positive. The isolation timeframe decreasing from 10 to 7 days is assisting in this area.
5. As the country has moved from the Red to Orange settings, all protocols have been reviewed and amended where necessary.

Financial considerations—LTP/Annual Plan

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

Policy considerations

7. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

Community considerations

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

Legal considerations

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

Appendices/Attachments

Document 3087070: June 2022 Health and Safety Dashboard



Health and Safety Dashboard

Reporting Period:

1 – 30 June 2022

Incidents (1 July 2021 – 30 June 2022)

| | | |
|----------------------|-------------------------|----------------------|
| Illness 0 (1) | Incidents 1 (13) | Injury 1 (31) |
|----------------------|-------------------------|----------------------|

| | | |
|-------------------------|-------------------------|-------------------------|
| ACC Claims 0 (5) | Near Miss 2 (32) | Notifiable 0 (1) |
|-------------------------|-------------------------|-------------------------|

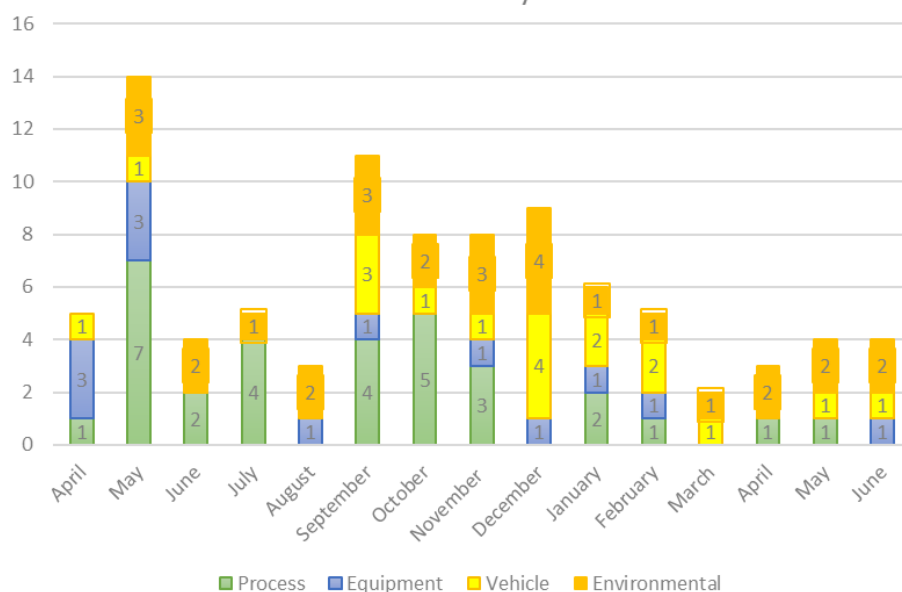
Types of Incidents and Injuries

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

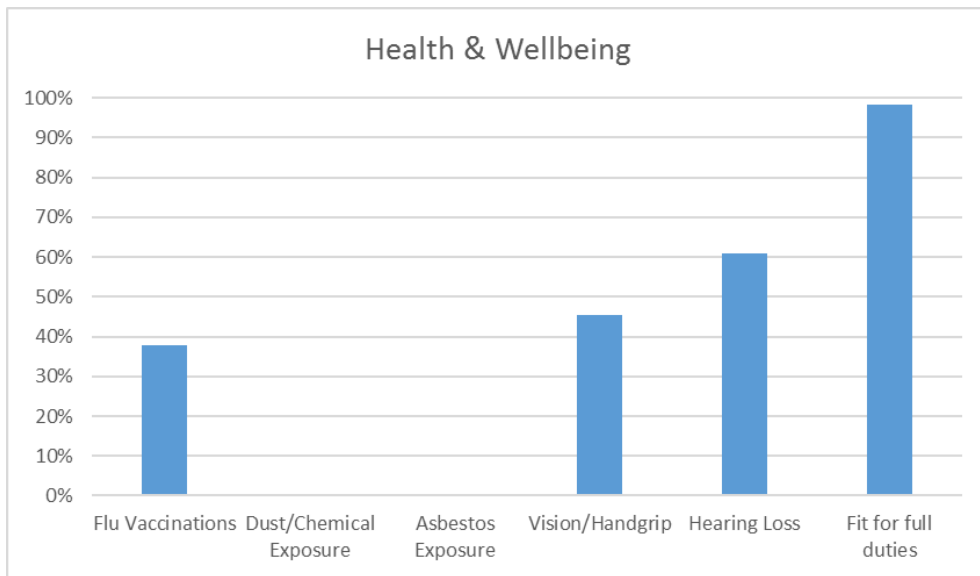
| | |
|-------------------------|---|
| No Treatment | |
| First Aid | 1 |
| Medical Centre | |
| Physiotherapy/Osteopath | |
| Hospitalisation | |

| | |
|------------------------|--|
| Formal Investigation | |
| WorkSafe Investigation | |

Incidents and Near Misses by Incident Mechanism



Health and Wellbeing



Due to COVID-19, the Council is unable to complete monitoring of dust, chemical or asbestos exposure to our staff.

Health and Safety Objectives Update

Te Whare Tapa Whā

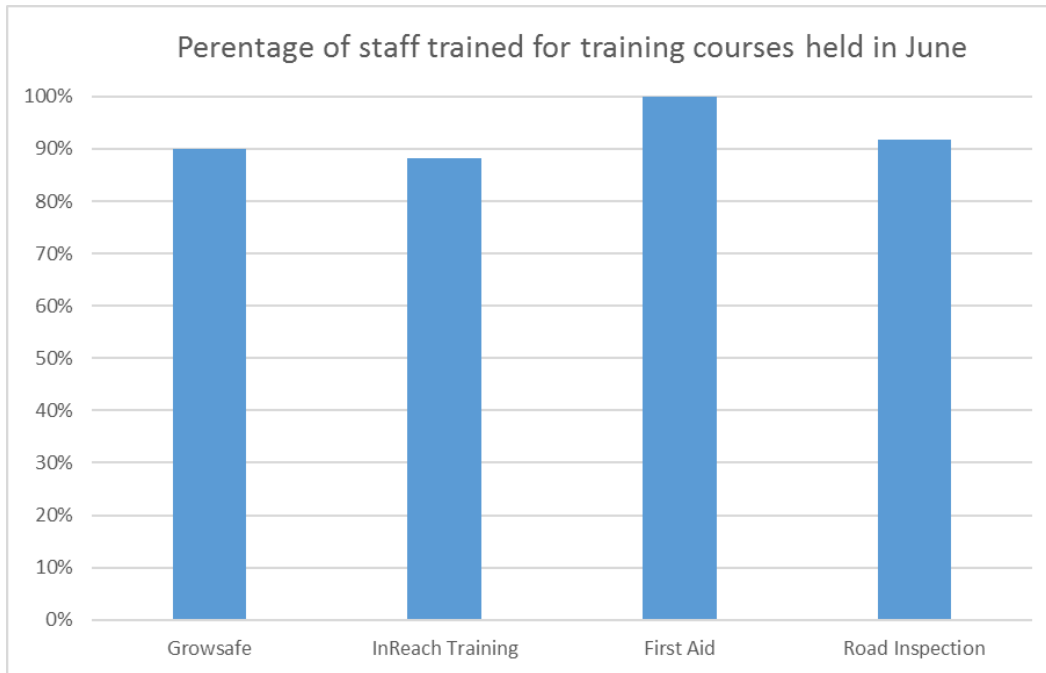
Te Taha Tinana (Physical) – flu vaccinations vouchers were available for those who missed the onsite vaccination days

Te Taha Whānau (Family & Social) – Te Matahi o te Tau-Markiki – Matariki celebration and education session

Work in Progress

H&S guidelines updates

Template for Mental health action plan



| Critical events or have the potential to be critical | | | |
|--|-----------------------|--------------------|---------------------------------|
| Event | Potential Consequence | Actual Consequence | Potential Controls to implement |
| Loading ramps slid out of trailer | HIGH | LOW | New clips installed |



Date 1 August 2022

Subject: **Public Transport Operational Update for the Quarter ending 30 June 2022**

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

Document: 3084820

Purpose

1. The purpose of this memorandum is to provide members with an operational report on public transport services for the quarter ending 30 June 2022.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum *Public Transport Operational Report for the Quarter Ending 30 June 2022*.

Background

2. As part of the Council's responsibility for promoting an integrated, safe, responsive and sustainable land transport system within the region, a range of activities is required. These include provision of public transport services and the Total Mobility Scheme.

Covid-19

3. Service delivery continues to operate throughout the orange traffic light system. As expected, patronage numbers across all services are still being impacted with the ongoing self-isolation requirements due to Covid-19. Throughout the pandemic, both staff and passengers continue to follow the safety requirements previously in place without any issues.

Citylink Services for the March - June quarter

4. Across the Taranaki region, 157,096 (up 34.6% compared to Q3) trips were taken across the New Plymouth urban routes. Despite the -8% variance on the YTD 2021 patronage is continuing to recover after the Omicron outbreak within the urban services, with figures showing a recovery of at least 1% increase each month since the last quarter.

Connector (Hāwera to New Plymouth) bus service

5. The Connector Service has provided 16,726 trips, up 52.9% compared to the third quarter. The additional secondary school services are continuing to operate with full capacity with overflow and half price fares have been well utilised by the public, showing patronage numbers up by 40% in comparison to the 2021 YTD figures.

Southlink services

6. The Southlink Services continue to provide the three regular return services between Ōpunake to New Plymouth, Ōpunake to Hāwera and the bi-weekly Waverley to Hāwera service. Total patronage for the quarter was 423. This has shown a decrease of 0.9% for Waverley to Hāwera, down 21.2% on Ōpunake to New Plymouth and down 26.8% on the Ōpunake - Hāwera service compared to the last quarter.

Super Gold Card

7. Super Gold cardholders using the services across the Taranaki region totalled 11,513 for the quarter ending June 2022, showing an increase of 9.5% compared to Q3. Patronage for the Super Gold cardholders have steadily returned since the Omicron outbreak.

Total Mobility Scheme

8. At the end of the quarter, the Total Mobility Scheme has provided 12,607 trips, inclusive of the Ironside providers. In comparison to last quarter's figures, patronage has increased by 17.4% with new and existing passengers using the half price fares to their advantage.

Financial considerations—LTP/Annual Plan

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

Policy considerations

10. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

Community considerations

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

Legal considerations

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



Date: 1 August 2022

Subject: **Transport policy work streams**

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

Document: 3084735

Purpose

1. The purpose of this memorandum is to update Members on new and upcoming transport policy work streams.

Executive summary

2. The Government has passed new legislation, which includes new and potentially onerous responsibilities for regional authorities. Of particular note, are responsibilities to be imposed on regional authorities to prepare new regional speed management plans.
3. This item outlines this new requirement for developing an extra plan, alongside existing work streams, noting potential issues.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum titled *Transport policy work streams and resourcing*
- b) notes key existing transport work streams, including reviews of the *Regional Land Transport Plan*, the *Regional Public Transport Plan*, and the *Regional Walkways and Cycleways Strategy* and that these need to be viewed through a stronger climate change and decarbonisation lens
- c) notes the additional responsibility, and implications, of preparing and consulting on a regional speed management plan.

Policy environment for transport

4. As Members are aware, most areas are experiencing dynamic change, and the transport sector is certainly one of these.
5. A number of the legislative changes underway nationally have significant implications for land transport, particularly in terms of climate change. While the Committee will be well aware of the changes this is bringing to public transport responsibilities, this item

updates Members on other land transport responsibilities, which are mostly overseen by the Regional Transport Committee. They include the stronger focus on reducing carbon emissions in policy development, planned policy development for 2022 to 2024, and new Government requirements for regional councils to manage regional speed management planning processes.

Reducing emissions from transport

6. Climate change mitigation and adaptation will become a key aspect of national investment prioritisation methodologies in future, including for the National Land Transport Fund. It is from this fund that co-investment from Government is sought for land transport activities in the region, such as public transport, road maintenance and state highway improvements.
7. In May 2022, the Government released its first Emissions Reduction Plan (ERP) under the *Zero Carbon Act 2019*. The transport sector is being tasked with a large contribution to reducing the country's greenhouse gas emissions, which will require significant changes in the way the transport system operates.
8. The ERP sets a reduction of transport emissions of 41% in 2035 compared to 2019 as well as a 20% reduction in Vehicle Kilometres Travelled (VKT) by cars and light vehicles by 2035. Decarbonising our transport system rapidly will require big changes to the way we travel and move freight. There will be a large focus on VKT reduction and encouraging mode shift away from private vehicles.

To reduce emissions from transport, we need to change the way people and goods travel

Transport is one of our largest source of greenhouse gas emissions and is responsible for 17 per cent of Aotearoa New Zealand's emissions.

A number of different initiatives in the Emissions Reduction Plan will make it easier and cheaper to access more sustainable transport choices, such as low-emissions vehicles, e-bikes, and public transport.

The Emissions Reduction Plan sets these targets for transport by 2035:

| | |
|--|---|
| Reduce total kilometres travelled by the light fleet by 20% | Reduce emissions from freight transport by 35% |
| Increase zero-emissions vehicles to 30% of the light vehicle fleet | Reduce the emissions intensity of transport fuel by 10% |

Key transport actions in the Emissions Reduction Plan

- Improving the reach, frequency and quality of public transport and making it more affordable for low-income New Zealanders
- Requiring only zero-emissions public transport buses to be purchased by 2025
- Improving EV-charging infrastructure across Aotearoa to ensure that all New Zealanders can charge when they need to
- Continuing to incentivise the uptake of low- and zero-emissions vehicles through the Clean Vehicle Discount scheme and consider the future of the Road User Charge exemption for light electric vehicles beyond 2024
- Increasing access to low- and zero-emissions vehicles for low-income households by supporting social leasing schemes and trialling an equity-oriented vehicle scrap and replace scheme
- Increasing support for walking and cycling, including initiatives to increase the use of e-bikes
- Ensuring safer streets and well-planned urban areas
- Supporting the uptake of low-carbon liquid fuels by implementing a sustainable aviation fuel mandate and a sustainable biofuels obligation
- Providing funding to support the freight sector to purchase zero- and low-emissions trucks

9. Te Manatū Waka Ministry of Transport has released supporting information focused on the transport component of ERP. In brief, the ERP contains targets and actions to achieve a 41% reduction in transport emissions by 2035. These are outlined here pictorially.

10. Waka Kotahi NZ Transport Agency (Waka Kotahi) are developing a Climate Assessment Tool for Investment to assist conversations about the most appropriate investments. Waka Kotahi are also developing a VKT Reduction Plan, to assess all the levers that can be utilised to achieve the significant shift in mode choice required.

Existing transport workstreams

11. The majority of transport work undertaken by the Council is governed by the *Land Transport Management Act 2003* (LTMA). This sets out the requirements for the establishment and operation of the Regional Transport Committee for Taranaki, along with requiring two key transport policy documents – regional land transport plans and regional public transport plans.

Regional Land Transport Plan for Taranaki (RLTP) – mid-term review

12. The Regional Transport Committee’s statutory responsibility focuses on the preparation and implementation of a regional land transport plan (RLTP), which:
 - provides strategic direction to land transport in the region and sets out how the region proposes to invest to achieve its objectives
 - must be consistent with the Government Policy Statement (GPS) on Land Transport of the time
 - has a three-yearly planning/ review cycle; though a technical lifespan of six years
 - has two key components:
 - a strategic policy framework
 - a list of activities for which organisations in the region (the four councils, Waka Kotahi, and Department of Conservation) are seeking assistance from the National Land Transport Fund.
13. One of the key aims of the RLTP is to secure national funding through the National Land Transport Programme for activities in the region.
14. The current RLTP has been in effect since 1 July 2021 and will continue to be operative through to 30 June 2024. Development of the RLTP for the following three-years (RLTP 2024-2027) will be a core workstream from late 2022 through to 30 April 2024.
15. The review of the RLTP will focus on strengthening the aspects related to reducing carbon emissions, particularly through supporting mode shift away from private motor vehicles where possible. It is also likely to focus on ensuring resilience of the region’s transport network in the face of increased weather events, increased inflationary and capacity pressures, and decreased funding availability. The costs of simply maintaining an adequate level of service on Taranaki’s core land transport network is increasingly challenging.

Regional Public Transport Plan for Taranaki

16. Under the LTMA, each region is also required to develop a regional public transport plan (RPTP), to guide the region’s public transport network for the following 10 years. An RPTP is an instrument for engaging with the public and stakeholders on the vision, design, and operation of the public transport network within a region.

17. The current Taranaki RPTP is due for review in 2023. The *Taranaki RPTP 2020-2030* was finalised in October 2020, and much has clearly evolved since then in terms of community and Government aspirations for public transport. The 2021/2031 Long-Term Plan process for 2021-2024 saw the Taranaki community speak clearly in favour of a step-change in public transport, and work is underway to help realise this.
18. An independent external review of the regional bus service network will be undertaken in the second half of 2022, and will be a key feeder into the 2023 review of the RPTP.
19. As Members will recall from their last meeting, where a submission on Horizons RPTP for 2022-32 was endorsed, there is scope to also improve inter-regional public transport connections for the benefit of both regional communities, and national emission-reduction goals.
20. It should be noted that RPTPs are not restricted to bus services, but can also include rail and ferry services where appropriate.

Regional Walkways & Cycleways Strategy for Taranaki

21. A review of the *Regional Walkways and Cycleways Strategy* (the Strategy) is overdue. While it is non-statutory in nature, a review of the 2007 Strategy would be a very useful feeder into the next RLTP, especially if mode shift aspects were to be strengthened and expanded.
22. The inclusion of a 30-year Taranaki Trails Vision within the last RLTP was a first step towards reviewing the Strategy. The RLTP was essentially used as a vehicle to socialise the Taranaki Trail Trust's Vision with the wider community, and was well-received.
23. Encouraging travel behaviour change and a shift toward more sustainable transport options such as walking and cycling is strategically aligned with a number of national and regional policies and plans. Bringing this Strategy up-to-date could also include creating a 30-year mode shift plan for the region, to assist with attaining the level of VKT and transport emission reductions sought.
24. Options for the completion of this review are being considered.

Regional speed management plan

25. The Government is making major changes to how speeds are set and enforced on New Zealand's roads. A core part of this, the [Land Transport Rule: Setting of Speed Limits 2022](#) came into force on 19 May 2022. Amongst the suite of changes to the speed management framework are significant changes to how speed limits are set by Road Controlling Authorities (RCAs), and new responsibilities for regional transport committees and regional councils.
26. The Rule requires RCAs (territorial authorities and Waka Kotahi) to follow a new speed management planning process to set new speed limits through speed management plans, removing the requirement to set speed limits through bylaws.
27. The Rule also assigns entirely new responsibilities to regional councils, to prepare and consult on a regional speed management plan (RSMP) on a three-yearly basis. This has significant resourcing implications, and carries significant reputational risk for the Council.
28. Much still remains unclear from Waka Kotahi in terms of the roles, responsibilities, processes and timelines for developing RSMPs. What is clear, is that this is an entirely new area for the Council, for which resourcing needs to be provided. The Council is not

responsible for roading networks and is not well placed to take on the associated planning responsibilities.

29. Significant implications for regional councils for developing RSMPs include:
- Additional capacity to carry out a whole new planning process with the associated additional management functions required of regional transport committees
 - Additional costs associated with plan production, consultation and monitoring
 - Community consultation requirements and subsequent follow-up work to modify or change RSMPs are likely to be contentious and engender more submissions than other planning processes (and on matters that are not part of the Council's statutory responsibilities)
 - Where speed limit changes proposed by an RCA will result in lowered speed limits, these may be controversial and involve time to resolve. Contested speed limit changes must be referred back to the RCA for further consideration before the RSMP can be finalised for adoption by the Council
 - There is potential for reputational damage to the Council for fronting a consultation process when it has no real control over the proposals within the RSMP, or ability to change the specific proposals
 - It may be that regional consultation includes state highways as well as local roads
 - RSMPs are to cover the same three-yearly period as Long-Term Plans and RLTPs. However, there is uncertainty in terms of aligning the different planning processes to ensure there is sufficient time to be an input into development of RLTPs.
30. Attached for Members reference are excerpts from a Frequently Asked Questions document released by Waka Kotahi in late June 2022. The full document along with other related material is available on the [speed management planning section](#) of the Waka Kotahi website.
31. The Council remains in frequent discussion with both Waka Kotahi and other regional councils, as the sector contends with how to undertake this new planning process. The Regional Transport Advisory Group will be discussing this in further detail at their 3 August 2022 meeting, with the recommendations therein taken to the Regional Transport Committee on 31 August 2022.

Financial considerations—LTP/Annual Plan

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

Policy considerations

33. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Land Transport Management Act 2003*, *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

Community considerations

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

Legal considerations

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

Appendices/Attachments

Document 3088482: Excerpts from Waka Kotahi's Speed Management Planning FAQs
June 2022

Speed management planning

Frequently asked questions

28 June 2022

Version 2.1

1.9 What do regional councils need to do differently because of the new speed management planning process?

When developing a regional speed management plan as part of an RLTP process (that is, not an interim plan), a regional council must assist in the process.

1. *Optional first step:* The regional council can work with the road controlling authorities to develop an agreed framework of principles and priority setting, so that road controlling authority speed management plan information is consistently formed. This framework might form the first section of the speed management plan.
2. When the road controlling authorities send their speed management plan information to the road transport committee it is anticipated that the regional council will insert these as sections into a regional speed management plan and provide the compiled document to the road transport committee.
3. Once the road transport committee agrees the consultation draft regional speed management plan then the regional council will publish this on an internet site and call for submissions.
4. The regional council will accept submissions, collate the submissions and submitters views, and forward the submissions to the appropriate road controlling authority.
5. Once road controlling authorities make any changes to their speed management plan information, that information replaces the section as published and the updated plan is provided to the road transport committee.

Please note that the regional speed management plan must accurately describe the approach taken across the region, and it is anticipated that this will be considerably easier if the first (*optional*) step sets out an agreed common framework. If each road controlling authority uses its own approach, then the plan must describe each approach separately which may invite comment from the Director of Land Transport (and therefore delay in the process).

1.10 What do Regional Transport Committees need to do differently because of the new speed management planning process?

When developing a regional speed management plan as part of an RLTP process (that is, not an interim plan), a road transport committee must:

1. Notify the road controlling authorities of its intention to publish a regional speed management plan.
 2. Receive information from the road controlling authorities to consolidate into the plan, accurately describe the approach taken across the region, ensure the required content is in the plan, and (when satisfied) provide the consultation draft plan to the regional council for publication.
 3. Following consultation and plan update, ensure the description of the approach taken is still accurate and required content is in the plan and submit to the Director of Land Transport.
-

2.3 What does the new Rule cover?

The Rule:

- introduces a regional speed management planning approach on a three-year cycle that aligns with the three-year cycle of the National Land Transport Programme
- brings together infrastructure investment decisions and speed management decisions through a speed management planning process aligned with the regional land transport planning process
- requires road controlling authorities to use reasonable efforts to reduce speed limits around all schools by 31 December 2027 with an interim target of 40% of schools by 30 June 2024. Schools includes all schools and kura under the Education and Training Act 2020
- acknowledges the status of Māori as our Treaty partners and specifies that Māori are involved in the development of speed management plans and consulted with on aspects of the plan that are important to them.
- requires all road controlling authorities that are territorial authorities to include their proposed speed limit changes and safety infrastructure treatments (including proposed safety camera placements) for the coming 10 years into speed management plans
- introduces a new consultation process that aligns with the three-year regional land transport planning consultation process
- requires regional transport committees to coordinate input from road controlling authorities in their region to create a regional speed management plan, aligning with the regional land transport plan process
- requires regional councils to facilitate the administrative function of regional consultation on speed management plans
- gives the Director of Land Transport at Waka Kotahi responsibility for certifying speed management plans
- establishes an independent Speed Management Committee to:
 - review the Waka Kotahi draft state highway speed management plan (SHSMP) and provide advice to the Director of Land Transport on that plan
 - oversee the information and guidance on speed management that Waka Kotahi (as regulator) provides all road controlling authorities
- introduces a new process for setting speed limits outside of speed management plans, and for road controlling authorities that are not territorial authorities
- removes the requirement to set speed limits through bylaws, enabling a whole of network approach that considers safety-related infrastructure improvements, speed limit changes and safety camera placement together
- requires all speed limits (other than temporary speed limits) to be entered into a national register which will give legal effect to all speed limits (other than temporary speed limits)

7.22 Are road transport committees responsible for plans from 'other' road controlling authorities? What is the definition of 'other' road controlling authorities in reference to the Rule?

Each regional transport committee must prepare a consultation draft regional speed management plan for its region, compiling information received from territorial authorities and 'other' road controlling authorities in the region, such as airport authorities or the Department of Conservation. A road is a widely defined term in the Rule and can include beaches, riverbeds and carparks.

7.4 What does this mean for state highways?

Waka Kotahi, as an RCA itself, is responsible for producing a draft state highway speed management plan which is circulated to all regional transport committees and road controlling authorities. Regional speed management plans, which will be consulted on, refined and finalised, certified, and published in that form, will include the state highway component for the region.

8.3 What are the requirements under the new Rule for working with Māori?

The Rule has specific requirements for Māori contributions to speed management plans.

Waka Kotahi as a road controlling authority and Regional Councils must establish a process to provide opportunities for Māori to contribute to the preparation of speed management plans, including:

- fostering the development of Māori capacity to contribute to the preparation of the plan
 - providing relevant information to Māori early to enable their contribution.
-

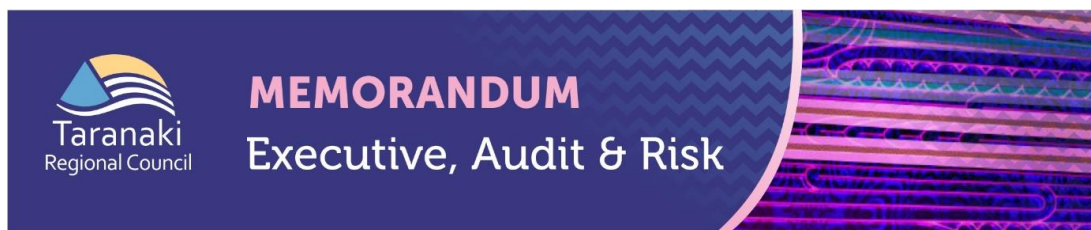
9.3 What are the consultation requirements for regional speed management plans?

road transport committees, road controlling authorities and regional councils should coordinate to consult on the regional speed management plan every three years, in line with the minimum requirements for consultation set out in section 82 of the Local Government Act 2002 (notably, not section 83, which requires Special Consultative Procedures such as those used for the regional land transport plan process).

The regional council can facilitate consultation by publishing the plans, calling for and collating submissions, and ensuring submissions are sent to the appropriate road controlling authority for its consideration.

9.4 What are the consultation requirements for state highway speed management plans?

Waka Kotahi may choose to consult on the state highway speed management plan independently, or in coordination with the regional plan, depending on the alignment of the planning cycles.



Date: 1 August 2022

Subject: **Report of the Port Taranaki Harbourmaster 2021/2022**

Approved by: A D McLay, Director - Resource Management
S J Ruru, Chief Executive

Document: 3069499

Purpose

1. The purpose of this memorandum is to receive and consider the 2021/2022 Harbourmaster report.

Recommendations

That the Taranaki Regional Council:

- a) receives the 2021/2022 Harbourmaster report
- b) notes the levels of service in the Long Term Plan have been met.

Background

2. The Port and Harbour Marine Safety Code (P&HMSC) is a voluntary national standard for the safe management of marine activities in New Zealand ports and harbours. Port Taranaki has a Safety Management System (SMS), which has been developed under P&HMSC guidance and includes identified hazards and associated risk assessment and profiles for the port and harbour. The SMS is operational. All maritime activities in the port and harbour are monitored for safety against the SMS.
3. The Harbourmaster, Mr Tony Parr, will present the memorandum.

Discussion

4. The Harbourmaster's report is attached to this memorandum and includes a full report on activities. Highlights are the operation of the Marine Panel and Port Safety Advisory Group where navigation/safety and port operations are managed.
5. The level of service in the 2021/2031 *Long Term Plan*, concerning the safe navigation for all users of the waters of Port Taranaki and its approaches, has been met.
6. There have been no significant breaches of the requirements of the P&HMSC, including the Port Taranaki Harbour Safety Management System.

Financial considerations—LTP/Annual Plan

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

Policy considerations

8. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

Community considerations

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

Legal considerations

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

Appendices/Attachments

Document 3087855: Report of the Port Taranaki Harbourmaster 2021/2022

MEMORANDUM

HARBOURMASTER REPORT 2021/2022

Overview

There have been no significant incidents concerning navigational safety¹ in Port Taranaki and its approaches over the 12-month period ended 30 June 2022.

A total of 276 vessels greater than 500 GRT visited over the period, representing 552 harbour movements. This is a decrease of 16 visits over the previous 12 month period. These were mainly bulk carriers with cargoes of logs, stock feeds and other bulk commodities; and petro chemical tankers. Up to three offshore support vessels (OSV) greater than 500 GRT have used the port at any one time, navigated by masters or mates with pilotage exemption certificates. These vessels service offshore oil and gas rig installations. They have made 271 visits, or 542 movements, over the period.

The number of recreational vessels using the public ramp and pontoon facilities at the Lee Breakwater continues to grow. National data indicates an annual growth factor of 20% in recreational boating over the past two years, which is also probably reflected in Taranaki. The summer months are particularly busy, with many newcomers to recreational boating observed. Accordingly, there is increased pressure on the facilities at times where the facilities are stretched. This pressure can be expected to be alleviated with the intended development of a Marine Park at the mouth of the Waitara River with an additional 57 carpark spaces to be created.

2021/2022 Focus

The principal work stream over the period has been preparation and conduct of a peer review of the port and harbour Safety Management System (SMS) in June. The SMS is a joint TRC/PTL responsibility under

¹ Significant incidents involving injury or death, damage to property, and/or damage to the environment.

the national Port and Harbour Marine Safety Code to which both are signatory. The review resulted in a 'good' standard of compliance with the Code. This was a pleasing outcome, underpinned by a strong relationship between the Harbourmaster and Port Taranaki Limited's operations and marine services divisions, several effective PTL administrative systems for safety, and a strong safety culture in the port amongst employees.

The Harbourmaster has participated in Maritime New Zealand's 'No Excuses' national campaign for recreational boating safety over the summer period. Participation has funding from MNZ for time on the water. The Taranaki approach has continued to be one of delivering education and awareness about navigational safety to the recreational boating public at the public ramp before they proceed out on the harbour, and on the water in the harbour and approaches. Approximately 250 copies of a 'Guide to Recreational Boating in the Port Taranaki Area' have been distributed over the year as well as 90 responses to a MNZ recreational boating survey. This activity has enabled considerably wider stakeholder/user engagement.

Recreational vessel speed in the speed restricted areas of the harbour continues to be the most common breach of port and harbour bylaw provisions. Jet skis are commonly noted to be in breach than other recreational vessels.

Port Operations

Weather continues to be the most dominant hazard for PTL shipping movements, mooring and operations in general. Periods of poor weather conditions are managed to optimise commercial shipping operations without compromise to the security of vessels alongside. The port is periodically closed to shipping for up to three day periods when wind, sea state, tide and long period wave conditions combine to make operations unsafe.

Two significant weather events in 2022 have affected depths in the dredged area of the harbour with evidence of silting shown by

hydrographic surveys. While this has not compromised access to and from the port, additional risk has had to be accommodated in pilotage planning and conduct. PTL are planning an appropriately focussed dredging campaign in 2022/23 summer months.

Outlook for the Next 12 Months

Over the next 12 months the Harbourmaster will:

- Continue with duties and responsibilities prescribed in the Harbourmaster contract being:
 - Conduct of the business of the Marine Panel for the monitoring and administration of the port and harbour Safety Management System.
 - Monitoring bylaw compliance.
 - Engagement with the national Navigation Safety Special Interest Group (NSSIG).
 - Engagement with other regional Harbourmasters on matters of common interest.

- Participate in MNZ's summer recreational boating safety campaign.

A.J. PARR
Harbourmaster



Date 1 August 2022

Subject: **Adoption of Statements of Intent**

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

Document: 3083349

Purpose

1. The purpose of this memorandum is to adopt the finalised statements of intent for the Taranaki Stadium Trust and Regional Software Holdings Limited.

Recommendations

That the Taranaki Regional Council:

- a) adopts the finalised 2022/2023 Statement of Intent for the Taranaki Stadium Trust
- b) adopts the finalised 2022/2023 Statement of Intent for Regional Software Holdings Limited.

Background

2. Council Controlled Organisations (CCO) are required to deliver a draft statement of intent by 1 March preceding the year the statement relates to. The Council provides its feedback on the draft statements and each CCO must furnish a completed statement of intent by 30 June. The *Local Government Act 2002* has been amended to require councils to formally adopt the completed statements of intent, to publish them on their website and retain them on the website for a period of up to seven years.

Discussion

3. The Council has previously received, considered and provided feedback to the Taranaki Stadium Trust and Regional Software Holdings Ltd on their draft statements of intent. The finalised statements of intent are attached. The Council now needs to adopt them and publish them.

Financial considerations—LTP/Annual Plan

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

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

Policy considerations

5. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

Community considerations

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

Legal considerations

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

Appendices/Attachments

Document 2999068: Taranaki Stadium Trust Statement of Intent

Document 3001661: Taranaki Stadium Trust Statement of Intent Estimates

Document 3085563: RSHL Statement of Intent 2023-2025

Document 3085564: RSHL Statement of Intent 2023-2025 Covering Letter

TARANAKI STADIUM TRUST STATEMENT OF INTENT FOR THE YEAR TO 30 JUNE 2023

Document: 2999068

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

Objectives

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

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

Vision

The vision for Yarrow Stadium is:

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

- *A stadium for both major events and community events and the premier outdoor field for team sports codes.*
- *A stadium that is loved by sports fans and the local community.*
- *A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior hospitality and event facilities, efficient and effective management, accessibility, flexibility and innovation.*

Governance

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

Nature and Scope of Activities to Be Undertaken

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

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

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

Ratio of Shareholder's Funds to Total Assets

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

- Accumulated funds
- Asset revaluation reserves.

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

Accounting Policies

The policies will be consistent with:

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

The full accounting policies are attached as Appendix 1.

Performance Targets

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

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

Distribution Policy

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

Information to be Provided

The following information will be made available:

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

Procedures for Share Acquisitions

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

Activities for which Compensation is Sought

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

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

Commercial Value of the Trust's Investment

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

- The rationale that the Trust is a going concern;
- The assets are carried at their current net value, as determined by independent valuers on a three yearly revaluation cycle, the next occurring as at 30 June 2023.

This estimate will be re-assessed in the same manner on an annual basis. At 30 June 2021, the equity was recorded at \$15,008,316 (30 June 2020: \$12,849,804).

Other Matters

There are no other matters.

Appendix 1: Statement of Accounting Policies

Reporting entity

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

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

Basis of preparation

Measurement base

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

Functional and presentation currency

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

New and amended accounting standards adopted

There have been no new or amended accounting standards adopted for the year ended 30 June 2021.

Changes in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2021.

Significant accounting policies

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

Goods and services tax

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

Revenue

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

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

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

Cash and cash equivalents

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

Investments

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

Debtors and other receivables

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

Property, plant and equipment

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

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

Accounting for revaluations

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

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

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

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

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

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

Additions

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

Disposals

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

Subsequent costs

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

Impairment of property, plant and equipment

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

Depreciation and amortisation expense

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

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

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

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Income tax

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

Loans

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

Critical accounting estimates and assumptions

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

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

Property, plant and equipment useful lives and residual values:

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

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset and will therefore, impact depreciation expense in the statement of comprehensive income, and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this uncertainty through physical inspection of assets. The Trust has made an impairment assessment with regard to the turf in the current financial year – refer note 6.

Going concern

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future. As at 30 June 2021, the Trust's current liabilities exceeded its current assets by \$5,744,933 (2019/2020: \$4,488,066). This is mainly the result of \$332 of borrowings from a revolving facility, the \$5,000,000 of borrowings from Taranaki Regional Council and \$1,133,397 of

payables relating to the repair and refurbishment project. The Trust is funded by Taranaki Regional Council to maintain Yarrow Stadium as a community asset.

Taranaki Regional Council has provided a letter of support to ensure that the Trust will continue to be provided financial support to enable it to pay its debts as they fall due. Taranaki Regional Council have also secured the funding that is required to repair the assets and the stadium as outlined in the Taranaki Regional Council 2021/2031 Long Term Plan.

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

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

Taranaki Stadium Trust
Statement of Financial Performance
For the Three Years Ended 30 June 2023, 30 June 2024 and 30 June 2025

| | Budget 2023 | Budget 2024 | Budget 2025 |
|---------------------------------------|--------------------------|-------------------------|-------------------------|
| | \$ | \$ | \$ |
| Income | | | |
| Taranaki Regional Council Grant | 2,178,669 | 2,178,669 | 2,178,669 |
| Crown Infrastructure Partners Funding | 10,000,000 | 3,594,347 | 0 |
| Interest received | 0 | 0 | 0 |
| Total income | <u>12,178,669</u> | <u>5,773,016</u> | <u>2,178,669</u> |
| Expenditure | | | |
| Depreciation and amortisation expense | 500,000 | 1,000,000 | 1,400,000 |
| Major maintenance | 20,000 | 20,000 | 20,000 |
| Interest | 450,000 | 679,133 | 805,986 |
| Insurance | 150,000 | 150,000 | 125,000 |
| Other expenses | 20,000 | 20,600 | 21,218 |
| Total expenses | <u>1,140,000</u> | <u>1,869,733</u> | <u>2,372,204</u> |
| Surplus/(deficit) before tax | <u>11,038,669</u> | <u>3,903,283</u> | <u>(193,535)</u> |
| Income tax expense | 0 | 0 | 0 |
| Total comprehensive income | <u>11,038,669</u> | <u>3,903,283</u> | <u>(193,535)</u> |

Taranaki Stadium Trust
Statement of Changes in Equity
For the Three Years Ended 30 June 2023, 30 June 2024 and 30 June 2025

| | Budget 2023 | Budget 2024 | Budget 2025 |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| | \$ | \$ | \$ |
| Balance at 1 July | 21,369,740 | 32,408,409 | 36,311,692 |
| Surplus/(Deficit) for the year | 11,038,669 | 3,903,283 | (193,535) |
| Other comprehensive income | 0 | 0 | 0 |
| Total comprehensive income | <u>11,038,669</u> | <u>3,903,283</u> | <u>(193,535)</u> |
| Balance at 30 June | <u>32,408,409</u> | <u>36,311,692</u> | <u>36,118,157</u> |

Taranaki Stadium Trust
Statement of Financial Position
For the Three Years Ended 30 June 2023, 30 June 2024 and 30 June 2025

| | Budget 2023 | Budget 2024 | Budget 2025 |
|---|--------------------------|--------------------------|--------------------------|
| | \$ | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 248,098 | 232,263 | 314,681 |
| Debtors and other receivables | 0 | 0 | 0 |
| Total current assets | <u>248,098</u> | <u>232,263</u> | <u>314,681</u> |
| Non-current assets | | | |
| Property, plant and equipment | 50,547,642 | 64,047,642 | 62,647,642 |
| Total non-current assets | <u>50,547,642</u> | <u>64,047,642</u> | <u>62,647,642</u> |
| Total assets | <u>50,795,740</u> | <u>64,279,905</u> | <u>62,962,323</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Creditors and other payables | 540,000 | 540,000 | 540,000 |
| Total current liabilities | <u>540,000</u> | <u>540,000</u> | <u>540,000</u> |
| Non-current liabilities | | | |
| Loan | 17,847,331 | 27,428,213 | 26,304,166 |
| Total non-current liabilities | <u>17,847,331</u> | <u>27,428,213</u> | <u>26,304,166</u> |
| Total liabilities | <u>18,387,331</u> | <u>27,968,213</u> | <u>26,844,166</u> |
| Net assets | <u>32,408,409</u> | <u>36,311,692</u> | <u>36,118,157</u> |
| Equity | | | |
| Accumulated funds | 31,058,409 | 34,961,692 | 34,768,157 |
| Asset Revaluation Reserve | 1,350,000 | 1,350,000 | 1,350,000 |
| Total equity attributable to the trust | <u>32,408,409</u> | <u>36,311,692</u> | <u>36,118,157</u> |

Taranaki Stadium Trust
Statement of Cash Flows
For the Three Years Ended 30 June 2023, 30 June 2024 and 30 June 2025

| | Budget 2023 | Budget 2024 | Budget 2025 |
|--|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from other revenue | 12,178,669 | 5,773,016 | 2,178,669 |
| Interest received | 0 | 0 | 0 |
| Payments to suppliers | (190,000) | (190,600) | (166,218) |
| Interest paid on the overdraft and bank fees | 0 | 0 | 0 |
| Goods and services tax (net) | 0 | 0 | 0 |
| Net cash from operating activities | <u>11,988,669</u> | <u>5,582,416</u> | <u>2,012,451</u> |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | (14,500,000) | (14,500,000) | 0 |
| Net cash from investing activities | <u>(14,500,000)</u> | <u>(14,500,000)</u> | <u>0</u> |
| Cash flows from financing activities | | | |
| Loans raised | 4,500,000 | 10,905,653 | 0 |
| Interest paid | (450,000) | (679,133) | (805,986) |
| Repayment of borrowings | (1,352,669) | (1,324,771) | (1,124,047) |
| Net cash from financing activities | <u>2,697,331</u> | <u>8,901,749</u> | <u>(1,930,033)</u> |
| Net (decrease)/Increase in cash, cash equivalents and bank overdrafts | 186,000 | (15,835) | 82,418 |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | 62,098 | 248,098 | 232,263 |
| Cash, cash equivalents and bank overdrafts at the end of the year | <u>248,098</u> | <u>232,263</u> | <u>314,681</u> |

Regional Software Holdings Limited

Statement of Intent 2023/2024/2025

June 2022

Version: FINAL

1 Introduction

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

1.1 Transition to Regional Sector Shared Services Organisation

The regional sector (Te Uru Kahikaⁱ) intends to implement a regional sector shared services organisation. This will be a Council Controlled Organisation, created by restructuring RSHL. The sector will consolidate existing collaboration and resource sharing activities under RSHL.

The transition to the new structure is planned to occur in July 2022 but may be delayed by legal and statutory processes.

Where applicable, this Statement of Intent describes the current state, and the future state – after the restructure is complete.

Subsidiaries

RSHL has no subsidiaries or joint ventures.

1.2 Vision

To provide high-quality shared services for Te Uru Kahika (and associated agencies) that delivers value to customers, shareholders and the sector.

1.3 Mission

Deliver shared solutions to Te Uru Kahika along with collaborative outcomes through sector special interest groups to achieve:

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

1.4 Nature and Scope of Activities to be Undertaken

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

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

RSHL activities are currently grouped as follows:

| | |
|--|---|
| <p>IRIS</p> | <p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils.</p> <p>The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> |
| <p>IRIS Next Generation</p> | <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> <p>IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>Along with the SaaS, we will implement consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will confirm:</p> <ul style="list-style-type: none"> • The IRIS NextGen solution • A transition plan for existing users • A growth plan to attract new councils to the programme. <p>The budget for 2022/23 and indicative budget for subsequent years reflect the use of debt to fund the development of IRIS NextGen. This approach is seen as the best way to smooth the costs of the new solution over a longer term than would otherwise be the case.</p> |
| <p>Environmental Monitoring and Reporting (EMAR)</p> | <p><u>Environmental Monitoring and Reporting Programme</u></p> <p>The objective of EMAR is to improve the collection, accessibility and presentation of environmental data in New Zealand.</p> <p>The EMAR Programme has three projects.</p> <ul style="list-style-type: none"> • National Environmental Monitoring Standards (NEMS) – Aims to ensure consistency in the way environmental monitoring data is collected and handled throughout New Zealand. • Environmental Data Management System (EDMS) – Aims to provide a single access point to environmental data from multiple sources in a consistent format. • Land, Air Water Aotearoa (LAWA) – Shares data and information to tell the story of our environment. <p>EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (and others).</p> |

| | |
|---|--|
| | <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has its own Steering Group who oversee operational activities.</p> <p>Current State : The EMAR Programme Manager is employed by Otago Regional Council.</p> <p>Future State: The EMAR/LAWA Programme Manager is employed by RSHL and is part of the Regional Sector Programme office. The LAWA project administration (financial and contractual) is managed by RSHL.</p> |
| <p>Regional Sector Office</p> | <p>The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network.</p> <p>The Sector Office is made up of three roles:</p> <ul style="list-style-type: none"> • Executive Policy Adviser – Regional CEOs (RCEOs) Group • Chief Science Advisor • Regional Sector SIG Network Administrator <p>Current State: Sector Office staff are employed by Horizons Regional Council. Future State: Sector Office staff are employed by RSHL.</p> <p>The sector office is an all-of-sector programme.</p> |
| <p>Sector Financial Management System</p> | <p>In 2020 the Regional Council Collaboration (ReCoCo) Programme was superseded by the Sector Financial Management System (SFMS). As part of the SFMS RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • Bio Managers Programme • Bio Control Programme <p>The sector has a budget of over \$2M for these initiatives. RSHL collects this funding from councils and engages suppliers to deliver services to achieve the outcomes from each of the programmes.</p> <p>ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo Programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p> <p>The SFMS is an all-of-sector programme.</p> |

1.5 Values

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

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

- We are flexible and open

1.6 Guiding Principles

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

1.7 Possible Opportunities for Growth

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

Over the next year RSHL expects to restructure to become the regional shared services organisation for Te Uru Kahika, with a shareholding including most regional councils and unitary authorities.

Once this restructure is complete it is expected that new shared services opportunities will emerge.

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

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

2 Objectives

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

The secondary objective of RSHL is to:¹

- a) achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- b) be a good employer;
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

3 Board's Approach to Governance

Members of RSHL's Board of Directors are appointed by the shareholders to govern and direct RSHL's activities.

Current State: The Shareholders Agreement states that each shareholder has the right to appoint one Director, and that person will be the CEO, or a person nominated by the CEO.² The Constitution allows each Director to appoint an alternative director.³

Future State: The new constitution will outline the appointment process for directors, including independents.

¹ From: Constitution of Regional Software Holdings Ltd, Section 1.1

²RSHL Shareholders Agreement clause 4.1

³ RSHL Constitution clause 8.3

The Constitution requires that the Board collectively must have relevant knowledge and experience of finance, public bodies, management, governance, and IT management.⁴

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

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

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

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

4 Accounting Policies

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

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

Appendix 1 includes RSHL's Accounting Policies.

5 Performance Targets and Other Measures

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

| | | 2022/23 | 2023/24 | 2024/25 |
|---------------|--|-------------------------------------|---------|---------|
| Non Financial | With participating councils, define and agree milestones for the IRIS NextGen Programme. | Applies in the 2022/2023 year only. | | |
| | Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year. | Applies each year | | |

⁴ RSHL Constitution clause 8.6

| | | 2022/23 | 2023/24 | 2024/25 |
|-----------|---|---------------------|---------|---------|
| | Prepare and adopt the annual IRIS development roadmap by 30 June for delivery in the subsequent year. | Applies each year | | |
| | Major IRIS Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year. | Applies each year | | |
| | Budgets for IRIS support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager. | Applies each year | | |
| | Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System. | Applies every year. | | |
| | Effectively support the activities of the Regional Sector through the Regional Sector Office | Applies every year. | | |
| | Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager | Applies every year. | | |
| | Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group. | Applies each year | | |
| Financial | RSHL will operate within approved budget, with any material variations approved by the Board. | Applies each year | | |
| | Annual charges for shareholders and customers to be at the level approved by the Board and councils based upon the approved operating budget and budgets | Applies each year | | |
| Growth | Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL. | Applies each year | | |
| | Work with the Regional Sector SIG Network to develop shared service opportunities. | Applies each year | | |
| | Engage with councils in the regional sector to increase the scope of the usage of IRIS NextGen. The objective is to increase the number of councils using the solution, and the breadth of the solution in use. | Applies each year | | |

6 Distribution of Profits to Shareholders

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

In order for RSHL to be subject to tax, generally it must meet the business test. Fundamental to this is a profit motive. Given the basis under which this CCO operates is to minimise the costs and

generally operate on a cost recovery basis and that a pecuniary profit is not intended and highly unlikely, the lack of a profit motive is real.

The RSHL Shareholders Agreement states “If Operating Expenses for a fiscal year are less than the budgeted amount for such year, the Company will retain the funds for application to Operating Expenses for the subsequent fiscal year”⁵. Therefore there will not be a profit available for distribution.

7 Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within two months of the end of the financial year the following audited⁶ statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company’s medium to long-term plans.
- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council’s shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

8 Procedures for Major Transactions and Other Acquisitions and Disposals

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

9 Procedures for Issue of Shares

The RSHL shareholder agreement requires the approval of the Shareholders holding at least of 75% of the shares for “the issuing or acquisition of any Shares or any change to the rights attaching to any Shares”⁷.

⁵ Shareholders Agreement, clause 7.4

⁶ Delivery of audited statements is subject to availability of suitably qualified auditors from AuditNZ.

⁷ RSHL Subscription & Shareholders Agreement Section 5.1 (b)

10 Activities for Which Compensation Is Sought

Payment of annual fees will be sought for the following activities:

| | |
|-------------------------------------|--|
| Sector Financial Management System. | Payment of annual contributions will be sought from all regional sector councils for the operation of the Programmes in the Sector Financial Management System. Contributions will be according to the agreed model. This activity includes the Regional Sector Office and EMAR. |
| IRIS | Payment of an Annual Fee for IRIS will be sought from all councils that use the IRIS Software for annual support and development fees, as set out in the License Agreement. |
| IRIS Next Generation | Contributions to the costs of the IRIS NextGen Programme will be sought from councils that participate. Payment of funding for IRIS NextGen will be sought from all councils that participate in the IRIS NextGen Programme. These funds will be used for programme management, annual support and development fees, as set out in the relevant agreements. |
| RSHL Overhead Costs | All work programmes will contribute to the overhead costs of RSHL, with the proportion of the contribution based on financial activity. |

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

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

11 Estimate of Commercial Value of The Shareholder's Investment

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

12 Shareholding

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

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

Future State:

RSHL will be restructured as part of the Regional Sector Shared Services implementation.

To enable the founding shareholders to retain their rights and ownership of the IRIS asset and to reduce the impact of the transition the current shareholding will be converted into a separate, Class B shareholding which will hold the ownership rights over IRIS classic.

Statement of Intent 2022-2023
Regional Software Holdings Limited
Consolidated Statement of Financial Performance
For the 12 Months to 30 June 2023

| 2021/22 | | Notes | 2022/23 | 2023/24 | 2024/25 |
|------------------|--------------------------------------|-------|------------------|------------------|------------------|
| Budget | Income | | SOI | Indicative | Indicative |
| 1,214,881 | IRIS Programme | | 1,231,038 | 1,274,584 | 1,298,317 |
| | IRIS NextGen Programme | | 415,251 | 383,118 | 385,138 |
| 2,551,392 | Sector Work Programmes | | 2,671,656 | 2,682,132 | 2,701,440 |
| | Central Government Funding | | 129,000 | 129,000 | 129,000 |
| <u>3,766,273</u> | | | <u>4,446,945</u> | <u>4,468,835</u> | <u>4,513,894</u> |
| | | | | - | - |
| 231,931 | <u>Other Income</u> | | | - | - |
| 600 | Interest Received | | 600 | 600 | 600 |
| <u>126,066</u> | Council Specific Software Funding | | <u>128,715</u> | <u>132,577</u> | <u>136,554</u> |
| 358,597 | | | <u>129,315</u> | <u>133,177</u> | <u>137,154</u> |
| 4,124,870 | Total Income | | 4,576,260 | 4,602,011 | 4,651,048 |
| | Expenditure | | | | |
| 9,522 | Administration costs | | 35,600 | 36,559 | 37,458 |
| 32,343 | Accounting & Technical Support | | 66,370 | 38,245 | 39,370 |
| 86,534 | Audit & Legal fees | | 85,000 | 52,000 | 53,930 |
| 260,000 | Datacom Support Services (IRIS) | | 275,340 | 291,585 | 308,789 |
| 646,040 | Technology Services | | 529,966 | 524,714 | 520,333 |
| 22,444 | IT Hosting Charges | | 63,768 | 64,481 | 65,216 |
| 20,000 | Finance Costs | | - | - | - |
| 145,000 | Secondments | | - | - | - |
| 176,610 | Personnel Costs | | 778,000 | 823,000 | 860,240 |
| 8,000 | Promotional Costs | | 84,000 | 86,040 | 75,141 |
| 33,000 | Independent Director's Fees | | 37,000 | 38,110 | 39,253 |
| 18,750 | Travel & Meeting Costs | | 34,500 | 34,500 | 34,500 |
| 126,066 | Council Specific Software Purchases | | 128,715 | 132,577 | 136,554 |
| | Other Direct Software | | 2,000 | 2,200 | 2,266 |
| <u>2,551,392</u> | Consultants | | <u>2,128,000</u> | <u>2,128,000</u> | <u>2,128,000</u> |
| 4,135,701 | | | <u>4,248,260</u> | <u>4,252,011</u> | <u>4,301,048</u> |
| | <u>Other Expenditure</u> | | | | |
| <u>920,438</u> | Depreciation | | <u>979,556</u> | <u>550,559</u> | <u>546,570</u> |
| 5,056,139 | Total Expenditure | | 5,227,816 | 4,802,571 | 4,847,618 |
| (931,269) | Surplus/ (Deficit) before tax | | (651,556) | (200,559) | (196,570) |
| | Income Tax Expense | | | | |
| <u>(931,269)</u> | Surplus/(Deficit) after Tax | | <u>(651,556)</u> | <u>(200,559)</u> | <u>(196,570)</u> |

Regional Software Holdings Limited
Consolidated Statement of Financial Position
As at 30 June 2023

| 2021/22 Budget | <u>Statement of Financial Position</u> | Notes | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|-------------------------|--|-------|-------------------------|-------------------------|-------------------------|
| | ASSETS | | | | |
| | Current assets | | | | |
| 899,799 | Bank Accounts and Cash | | 899,799 | 919,799 | 1,069,799 |
| | Debtors and Prepayments | | | | |
| - | Accrued Revenues | | - | | |
| - | GST receivable | | - | - | - |
| - | Tax receivable (payable) | | - | - | - |
| | Non Current Assets | | | | |
| 3,318,471 | Property, Plant & Equipment | | 2,111,430 | 1,890,871 | 1,544,300 |
| <u>4,218,270</u> | Total Assets | | <u>3,011,229</u> | <u>2,810,670</u> | <u>2,614,099</u> |
| | LIABILITIES | | | | |
| | Current liabilities | | | | |
| - | Creditors and Accrued Expenses | | - | - | - |
| - | Income Received in Advance | | - | - | - |
| | GST payable | | | | |
| | Non Current Liabilities | | | | |
| 1,000,000 | Borrowings | | 0 | 0 | 0 |
| <u>1,000,000</u> | Total Liabilities | | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>3,218,270</u> | NET ASSETS | | <u>3,011,229</u> | <u>2,810,670</u> | <u>2,614,099</u> |

REPRESENTED BY:

| 2021/22 Budget | | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | Equity | | | |
| 5,149,150 | Equity | 5,149,150 | 5,149,150 | 5,149,150 |
| (931,269) | Current Year Earnings | (651,556) | (200,559) | (196,570) |
| (999,611) | Retained Earnings | (1,486,366) | (2,137,922) | (2,338,481) |
| <u>3,218,270</u> | Total Equity | <u>3,011,229</u> | <u>2,810,670</u> | <u>2,614,099</u> |

Statement of Movement in Equity

| | | | | |
|-------------------------|-----------------------------------|-------------------------|-------------------------|-------------------------|
| 4,149,539 | Opening Equity | 3,662,784 | 3,011,229 | 2,810,670 |
| (931,269) | Comprehensive income for the year | (651,556) | (200,559) | (196,570) |
| <u>3,218,270</u> | Total Equity | <u>3,011,229</u> | <u>2,810,670</u> | <u>2,614,099</u> |
| 76% | equity to assets (>60%) | 100% | 100% | 100% |

Regional Software Holdings Limited
Consolidated Statement of Cash Flows
For the 12 Months to 30 June 2023

| 2021/22 Budget | Notes | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|--|--|------------------|-----------------------|-----------------------|
| Cashflows from Operating Activities | | | | |
| Cash received from: | | | | |
| 2,783,323 | Receipts from customers | 4,575,660 | 4,601,411 | 4,650,448 |
| 1,340,948 | Shareholder contributions | - | - | - |
| 600 | Interest | 600 | 600 | 600 |
| | Income Tax Paid (refunded) | - | - | - |
| 4,124,871 | Total Operating Receipts | 4,576,260 | 4,602,011 | 4,651,048 |
| Cash applied to: | | | | |
| 4,135,702 | Payments to suppliers | 4,248,260 | 4,252,011 | 4,301,048 |
| | Net GST movement | | | |
| | Income Tax Paid (refunded) | - | - | - |
| | Interest W/holding tax paid | - | - | - |
| 4,135,702 | Total Operating Payments | 4,248,260 | 4,252,011 | 4,301,048 |
| (10,831) | Net cash from operating | 328,000 | 350,000 | 350,000 |
| Cashflow from Investing Activities | | | | |
| Cash received from: | | | | |
| - | Sale of Fixed Assets | - | - | - |
| - | Investment Maturities | - | - | - |
| - | Total Investment Receipts | - | - | - |
| Cash applied to: | | | | |
| 720,000 | Purchase of Fixed/ Intangible assets | 328,000 | 330,000 | 200,000 |
| | Investment deposits | - | - | - |
| 720,000 | Total Investment Payments | 328,000 | 330,000 | 200,000 |
| (720,000) | Net cash from investing | (328,000) | (330,000) | (200,000) |
| Cashflow from Financing Activities | | | | |
| Cash received from: | | | | |
| 0 | Capital contributions | - | - | - |
| 1,000,000 | Proceeds from Loan Borrowings | | | |
| 1,000,000 | Total Financing Receipts | 0 | 0 | 0 |
| Cash applied to: | | | | |
| | Capital repaid | | | |
| | Loan interest paid | 0 | 0 | 0 |
| | Loan repayment of debt | | | |
| 0 | Total Financing Payments | 0 | 0 | 0 |
| 0 | Net cash from financing | 0 | 0 | 0 |
| 269,169 | Net increase (decrease) in cash-flow for the year | 0 | 20,000 | 150,000 |
| 630,630 | Opening cash balance | 899,799 | 899,799 | 919,799 |
| 899,799 | Closing cash balance | 899,799 | 919,799 | 1,069,799 |
| Made up of: | | | | |
| 25,000 | Current account | 25,000 | 25,000 | 25,000 |
| 874,799 | Auto-call account | 874,799 | 894,799 | 1,044,799 |
| 899,799 | | 899,799 | 919,799 | 1,069,799 |

IRIS Programme
Statement of Financial Performance
For the 12 Months to 30 June 2023

| 2021/22 | | Notes | 2022/23 | 2023/24 | 2024/25 |
|-------------------------|--------------------------------------|--------------|-------------------------|-------------------------|-------------------------|
| Budget | Income | | SOI | Indicative | Indicative |
| 1,214,881 | IRIS Programme | | <u>1,231,038</u> | <u>1,274,584</u> | <u>1,298,317</u> |
| 3,766,273 | | | 1,231,038 | 1,274,584 | 1,298,317 |
| 231,931 | <u>Other Income</u> | | | | |
| 600 | Interest Received | | 600 | 600 | 600 |
| 126,066 | Council Specific Software Funding | | <u>128,715</u> | <u>132,577</u> | <u>136,554</u> |
| <u>358,597</u> | | | 129,315 | 133,177 | 137,154 |
| 4,124,870 | Total Income | | 1,360,353 | 1,407,761 | 1,435,471 |
| | Expenditure | | | | |
| 9,522 | Administration costs | | 3,451 | 3,598 | 3,660 |
| 32,343 | Accounting & Technical Support | | 18,922 | 11,232 | 11,657 |
| 86,534 | Audit & Legal fees | | 32,829 | 15,272 | 15,968 |
| 260,000 | Datacom Support Services (IRIS) | | 275,340 | 291,585 | 308,789 |
| 646,040 | Technology Services | | 359,966 | 414,714 | 410,333 |
| 22,444 | IT Hosting Charges | | 23,768 | 24,481 | 25,216 |
| 20,000 | Finance Costs | | - | - | - |
| 145,000 | Secondments | | - | - | - |
| 176,610 | Personnel Costs | | 167,829 | 137,685 | 146,965 |
| 8,000 | Promotional Costs | | 4,562 | 4,699 | 888 |
| 33,000 | Independent Director's Fees | | 10,549 | 11,193 | 11,622 |
| 18,750 | Travel & Meeting Costs | | 4,421 | 4,524 | 4,553 |
| 126,066 | Council Specific Software Purchases | | 128,715 | 132,577 | 136,554 |
| | Other Direct Software | | 2,000 | 2,200 | 2,266 |
| 2,551,392 | Consultants | | - | 4,000 | 7,000 |
| <u>4,135,701</u> | | | <u>1,032,353</u> | <u>1,057,761</u> | <u>1,085,471</u> |
| | <u>Other Expenditure</u> | | | | |
| <u>920,438</u> | Depreciation | | <u>979,556</u> | <u>550,559</u> | <u>546,570</u> |
| 5,056,139 | Total Expenditure | | 2,011,909 | 1,608,320 | 1,632,041 |
| (931,269) | Surplus/ (Deficit) before tax | | (651,556) | (200,559) | (196,570) |
| | Income Tax Expense | | | | |
| <u>(931,269)</u> | Surplus/(Deficit) after Tax | | <u>(651,556)</u> | <u>(200,559)</u> | <u>(196,570)</u> |

IRIS Programme
Statement of Cashflows
For the 12 Months to 30 June 2023

| 2021/22 Budget | Notes | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|--|--|------------------|-----------------------|-----------------------|
| Cashflows from Operating Activities | | | | |
| <u>Cash received from:</u> | | | | |
| 2,783,323 | Receipts from customers | 1,359,753 | 1,407,161 | 1,434,871 |
| 1,340,948 | Shareholder contributions | - | - | - |
| 600 | Interest | 600 | 600 | 600 |
| | Income Tax Paid (refunded) | - | - | - |
| 4,124,871 | Total Operating Receipts | 1,360,353 | 1,407,761 | 1,435,471 |
| <u>Cash applied to:</u> | | | | |
| 4,135,702 | Payments to suppliers | 1,032,353 | 1,057,761 | 1,085,471 |
| | Net GST movement | | | |
| | Income Tax Paid (refunded) | - | - | - |
| | Interest W/holding tax paid | - | - | - |
| 4,135,702 | Total Operating Payments | 1,032,353 | 1,057,761 | 1,085,471 |
| (10,831) | Net cash from operating | 328,000 | 350,000 | 350,000 |
| Cashflow from Investing Activities | | | | |
| <u>Cash received from:</u> | | | | |
| - | Sale of Fixed Assets | - | - | - |
| - | Investment Maturities | - | - | - |
| - | Total Investment Receipts | - | - | - |
| <u>Cash applied to:</u> | | | | |
| 720,000 | Purchase of Fixed/ Intangible assets | 328,000 | 330,000 | 200,000 |
| | Investment deposits | - | - | - |
| 720,000 | Total Investment Payments | 328,000 | 330,000 | 200,000 |
| (720,000) | Net cash from investing | (328,000) | (330,000) | (200,000) |
| Cashflow from Financing Activities | | | | |
| <u>Cash received from:</u> | | | | |
| 0 | Capital contributions | - | - | - |
| 1,000,000 | Proceeds from Loan Borrowings | - | - | - |
| 1,000,000 | Total Financing Receipts | 0 | 0 | 0 |
| <u>Cash applied to:</u> | | | | |
| | Capital repaid | | | |
| | Loan interest paid | | | |
| | Loan repayment of debt | | | |
| 0 | Total Financing Payments | 0 | 0 | 0 |
| 0 | Net cash from financing | 0 | 0 | 0 |
| 269,169 | Net increase (decrease) in cash-flow for the year | 0 | 20,000 | 150,000 |
| 630,630 | Opening cash balance | 899,799 | 899,799 | 919,799 |
| 899,799 | Closing cash balance | 899,799 | 919,799 | 1,069,799 |
| Made up of: | | | | |
| 25,000 | Current account | 25,000 | 25,000 | 25,000 |
| 874,799 | Auto-call account | 874,799 | 894,799 | 1,044,799 |
| 899,799 | | 899,799 | 919,799 | 1,069,799 |

IRIS NextGen Programme
Statement of Financial Performance
For the 12 Months to 30 June 2023

| | Notes | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|--------------------------------------|-------|----------------|-----------------------|-----------------------|
| Income | | | | |
| IRIS Programme | | - | - | - |
| IRIS NextGen Programme | | 415,251 | 383,118 | 385,138 |
| Sector Work Programmes | | - | - | - |
| Central Government Funding | | - | - | - |
| | | <u>415,251</u> | <u>383,118</u> | <u>385,138</u> |
| Other Income | | | | |
| Interest Received | | - | - | - |
| Council Specific Software Funding | | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Income | | 415,251 | 383,118 | 385,138 |
| Expenditure | | | | |
| Administration costs | | 962 | 901 | 908 |
| Accounting & Technical Support | | 6,383 | 3,376 | 3,458 |
| Audit & Legal fees | | 24,328 | 4,591 | 4,737 |
| Datacom Support Services (IRIS) | | - | - | - |
| Technology Services | | 160,000 | 100,000 | 100,000 |
| IT Hosting Charges | | - | - | - |
| Finance Costs | | - | - | - |
| Secondments | | - | - | - |
| Personnel Costs | | 209,328 | 260,414 | 263,270 |
| Promotional Costs | | 1,539 | 1,412 | 263 |
| Independent Director's Fees | | 3,558 | 3,364 | 3,448 |
| Travel & Meeting Costs | | 9,154 | 9,059 | 9,054 |
| Council Specific Software Purchases | | - | - | - |
| Other Direct Software | | - | - | - |
| Consultants | | - | - | - |
| | | <u>415,251</u> | <u>383,118</u> | <u>385,138</u> |
| Other Expenditure | | | | |
| Depreciation | | - | - | - |
| Total Expenditure | | 415,251 | 383,118 | 385,138 |
| Surplus/ (Deficit) before tax | | 0 | 0 | 0 |
| Income Tax Expense | | | | |
| Surplus/(Deficit) after Tax | | 0 | 0 | 0 |

IRIS NextGen Programme
Statement of Financial Position
For the 12 Months to 30 June 2023

| Notes | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|--------------------------------|----------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Bank Accounts and Cash | 0 | 0 | 0 |
| Debtors and Prepayments | | | |
| Accrued Revenues | - | - | - |
| GST receivable | - | - | - |
| Tax receivable (payable) | - | - | - |
| Non Current Assets | | | |
| Property, Plant & Equipment | | | |
| Total Assets | 0 | 0 | 0 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Creditors and Accrued Expenses | - | - | - |
| Income Received in Advance | - | - | - |
| GST payable | | | |
| Non Current Liabilities | | | |
| Borrowings | 0 | 0 | 0 |
| Total Liabilities | 0 | 0 | 0 |
| NET ASSETS | 0 | 0 | 0 |

REPRESENTED BY:

| | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|-----------------------|----------------|-----------------------|-----------------------|
| Equity | | | |
| Equity | 0 | 0 | 0 |
| Current Year Earnings | 0 | 0 | 0 |
| Retained Earnings | 0 | 0 | 0 |
| Total Equity | 0 | 0 | 0 |

Statement of Movement in Equity

| | | | |
|-----------------------------------|----------|----------|----------|
| Opening Equity | 0 | 0 | 0 |
| Comprehensive income for the year | 0 | 0 | 0 |
| Total Equity | 0 | 0 | 0 |

IRIS NextGen Programme
Statement of Cashflows
For the 12 Months to 30 June 2023

Statement of Cash Flows

| 2021/22 Budget | Notes | 2022/23 SOI | 2023/24 Indicative | 2024/25 Indicative |
|--|-------|----------------|-----------------------|-----------------------|
| Cashflows from Operating Activities | | | | |
| <u>Cash received from:</u> | | | | |
| 2,783,323 | | 415,251 | 383,118 | 385,138 |
| 1,340,948 | | - | - | - |
| 600 | | - | - | - |
| | | - | - | - |
| 4,124,871 | | 415,251 | 383,118 | 385,138 |
| <u>Cash applied to:</u> | | | | |
| 4,135,702 | | 415,251 | 383,118 | 385,138 |
| | | - | - | - |
| | | - | - | - |
| 4,135,702 | | 415,251 | 383,118 | 385,138 |
| (10,831) | | 0 | 0 | 0 |
| Cashflow from Investing Activities | | | | |
| <u>Cash received from:</u> | | | | |
| - | | - | - | - |
| - | | - | - | - |
| - | | - | - | - |
| <u>Cash applied to:</u> | | | | |
| 720,000 | | 0 | 0 | 0 |
| | | - | - | - |
| 720,000 | | 0 | 0 | 0 |
| (720,000) | | 0 | 0 | 0 |
| Cashflow from Financing Activities | | | | |
| <u>Cash received from:</u> | | | | |
| 0 | | - | - | - |
| 1,000,000 | | 0 | 0 | 0 |
| 1,000,000 | | 0 | 0 | 0 |
| <u>Cash applied to:</u> | | | | |
| | | - | - | - |
| | | 0 | 0 | 0 |
| 0 | | 0 | 0 | 0 |
| 0 | | 0 | 0 | 0 |
| 269,169 | | 0 | 0 | 0 |
| 630,630 | | 0 | 0 | 0 |
| 899,799 | | 0 | 0 | 0 |

**Sector Financial Management System
Statement of Financial Performance
For the 12 Months to 30 June 2023**

| 2021/22 | | Notes | 2022/23 | 2023/24 | 2024/25 |
|-------------------------|--------------------------------------|--------------|------------------|-------------------|-------------------|
| Budget | Income | | SOI | Indicative | Indicative |
| 2,551,392 | Sector Work Programmes | | 2,671,656 | 2,682,132 | 2,701,440 |
| | Central Government Funding | | 129,000 | 129,000 | 129,000 |
| <u>3,766,273</u> | | | <u>2,800,656</u> | <u>2,811,132</u> | <u>2,830,440</u> |
| 231,931 | <u>Other Income</u> | | | | |
| 600 | Interest Received | | - | - | - |
| <u>126,066</u> | Council Specific Software Funding | | - | - | - |
| <u>358,597</u> | | | - | - | - |
| 4,124,870 | Total Income | | 2,800,656 | 2,811,132 | 2,830,440 |
| | Expenditure | | | | |
| 9,522 | Administration costs | | 31,187 | 32,059 | 32,890 |
| 32,343 | Accounting & Technical Support | | 41,065 | 23,636 | 24,255 |
| 86,534 | Audit & Legal fees | | 27,843 | 32,137 | 33,225 |
| 260,000 | Datacom Support Services (IRIS) | | - | - | - |
| 646,040 | Technology Services | | 10,000 | 10,000 | 10,000 |
| 22,444 | IT Hosting Charges | | 40,000 | 40,000 | 40,000 |
| 20,000 | Finance Costs | | - | - | - |
| 145,000 | Secondments | | - | - | - |
| 176,610 | Personnel Costs | | 400,843 | 424,901 | 450,005 |
| 8,000 | Promotional Costs | | 77,900 | 79,928 | 73,989 |
| 33,000 | Independent Director's Fees | | 22,893 | 23,553 | 24,183 |
| 18,750 | Travel & Meeting Costs | | 20,925 | 20,916 | 20,893 |
| 126,066 | Council Specific Software Purchases | | - | - | - |
| | Other Direct Software | | - | - | - |
| <u>2,551,392</u> | Consultants | | <u>2,128,000</u> | <u>2,124,000</u> | <u>2,121,000</u> |
| <u>4,135,701</u> | | | <u>2,800,656</u> | <u>2,811,132</u> | <u>2,830,440</u> |
| | <u>Other Expenditure</u> | | | | |
| <u>920,438</u> | Depreciation | | - | - | - |
| 5,056,139 | Total Expenditure | | 2,800,656 | 2,811,132 | 2,830,440 |
| (931,269) | Surplus/ (Deficit) before tax | | 0 | 0 | 0 |
| | Income Tax Expense | | | | |
| <u>(931,269)</u> | Surplus/(Deficit) after Tax | | <u>0</u> | <u>0</u> | <u>0</u> |

Appendix 1: Accounting Policies

1 General Information

Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO). Owned as follows:

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

RSHL was incorporated on 17 October 2012.

RSHL was originally incorporated for the purposes of managing the investment and development of IRIS Software. RSHL now exists for the purpose of supporting collaborative and shared services projects for Te Uru Kahika. RSHL has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

Public Benefit Entity Simple Format Reporting

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

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

Basis of Preparation of the Financial Statements

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

Statement of Compliance

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

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

These financial statements comply with PBE Standards.

Presentation Currency and Rounding

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

The functional currency of RSHL is New Zealand dollars.

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

2 Summary of Significant Accounting Policies

Revenue

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

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

Interest revenue is recorded as it is earned.

Expenditure

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

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

Bank Accounts and Cash

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

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

Debtors

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

Inventories

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of software owned by RSHL or its subsidiaries are recognised as property, plant and equipment.

Depreciation

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

The carrying value is depreciated on a straight-line basis over its useful life. The default useful life and associated depreciation rate for the developed software is 10 years and 10%. If an alternative rate is used this will be noted in the financial statements.

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

Critical Accounting Estimates and Assumptions

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

Additional Disclosure

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

3 Proportion of Contributions to the IRIS Programme

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

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

4 Proportion of Contributions to the IRIS NextGen Programme

Member contributions for IRIS NextGen Programme will be agreed with participating councils.

5 Proportion of Contributions to the Regional Sector Office, EMAR and Sector Financial Management System

The funding contributions for the Sector Office, EMAR and the most of the SFMS programmes is based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.

| Tier 1 – 9.4% each | Tier 2 – 6.2% each | Tier 3 – 3.2% each |
|---------------------------|---------------------------|---------------------------|
| Auckland Council | Horizons RC | Tasman DC |
| Environment Canterbury | Otago RC | Nelson City Council |
| Greater Wellington RC | Hawkes Bay RC | Gisborne DC |
| Waikato RC | Northland RC | Marlborough DC |
| Bay of Plenty RC | Taranaki RC | West Coast RC |
| | Environment Southland | |
| Total 47% | Total 37% | Total 16% |

BioControl and the Science Programme have custom funding models based on the value of the programmes to the region.

Note For Information: Requirements for Statement of Intent

Source: Office of the Auditor General

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

| Item | Section |
|---|---|
| Statement of intent | This document |
| Coverage over three financial years and updated annually | 1 & 7 & 5 |
| Objectives of the group | 2 |
| A statement of the board's approach to governance | 3 |
| Nature and scope of the activities to be undertaken | 1 |
| Accounting policies | 4 |
| Performance targets and other measures by which the performance of the group may be judged in relation to its objectives | 5 |
| An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders | 6 |
| The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years | 7 (Shareholders) |
| Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation | 8 |
| Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation) | 10 (Local authority) |
| The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed | 11 (Shareholders) |
| Other matters that are agreed by the shareholders/ shareholding Ministers and the board | none (Shareholders) |
| Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent | 7 (Plus explanation of material variances) |

ⁱ Te Uru Kahika is the collective of the 16 regional councils and unitary authorities that make up the regional sector.



Council
Collaboration
Into Action

—

30 June 2022

RE : RSHL Statement of Intent 2022-23

Regional Software Holdings Limited is pleased to present its confirmed Statement of Intent 2022-23.

The Statement of Intent is required to be received by shareholder councils by 30 June 2022.

RSHL is at a transitional point in its history with two significant changes ahead. First is the transition to a regional sector shared services organisation and the second is the transition from IRIS to IRIS NextGen. Both initiatives are a work-in-progress and the outcome for each is not fully confirmed.

This situation has made the development of the Statement of Intent complex and required us to make some assumptions.

Rest assured, the Board of RSHL is committed to regular communication and engagement with shareholders as we work through the challenges ahead of us.

Last year's Statement of Intent signalled the creation of a Regional Sector shared services organisation, with a shareholding including most regional councils and unitary authorities. This Statement of Intent reflects the realisation of this vision, including a revised shareholding, and realignment of the activities of the company.

IRIS Next Generation

The draft statement of intent included budget provisions for the implementation of IRIS Next Generation. This is a significant multi-year commitment for participating councils.

For the IRIS NextGen Programme, the financial result was a loss is \$3.1M. It was intended that these costs be serviced by borrowings. The benefit of this approach is to smooth costs and provide financial consistency to councils.

The feedback from some shareholders was they were concerned about the level of debt reflected in the budget and the lack of a corresponding asset. A number of councils have also indicated that they will borrow or self-finance themselves rather than have RSHL borrow for them. The board have heard these concerns and as a result, have chosen to remove most of the costs and debt for IRIS NextGen from the SOI budget for now.

This activity is subject to the collective agreement of the councils participating in the IRIS NextGen Programme. Please note that the IRIS NextGen Programme will not proceed without the long-term financial commitment of the participating councils including how each council will fund their contribution.

The full budget for IRIS NextGen including confirmed costs, borrowing (if any), funding arrangements, and assets will be presented to the board for approval once confirmed. This will be fully communicated with shareholding and participating councils alike.

As the approach to the delivery and funding of IRIS NextGen is refined, the accounting approach will also develop. There may well be an element of capital expenditure, as opposed to the total operating expenses assumption provided for in the draft Statement of Intent. This would have a positive impact on both the operating deficit and the projected balance sheet. This will be reflected in the revised programme budget.

To give councils more clarity around the long-term financial picture for IRIS NextGen we will provide a 10-year financial projection for the programme.

IRIS

For the IRIS Programme the financial result is an operating loss of \$545K, this reflects the depreciating value of the investment in the original IRIS product. As noted in the 2020/21 annual report this is planned and not a cause for concern. Reinvestment in the legacy IRIS product is not continuing at sufficient levels to cover depreciation as the product nears the end of its life and the company looks to reinvest in IRIS NextGen. Budgeted cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

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The following drivers and principles have been applied to the SOI and budgets:

- Clear separation into activities, each with clearly defined funding streams.
- Fair allocation of overheads between activities.
- CPI increases in funding for IRIS.

RSHL is operating in a dynamic and transitional environment, while growing to reach its vision as a collaboration and shared services vehicle for the regional sector. The board of RSHL understands the need to carefully guide the organisation through this period of growth and change, while maintaining the stability of benefits and cost that shareholder have received for nearly a decade.

We thank you for your continued support.

Yours sincerely



Mike Nield
Chairperson



Date 1 August 2022

Subject: **Port Taranaki Ltd: Statement of Corporate Intent - 1 July 2022 to 30 June 2025**

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

Document: 3084112

Purpose

1. The purpose of this memorandum is to receive and comment on Port Taranaki Ltd's draft Statement of Corporate Intent for the period 1 July 2022 to 30 June 2025.

Executive summary

2. Port Taranaki Ltd's draft Statement of Corporate Intent is presented for consideration. The document has been updated from last year. This is the opportunity to provide feedback to the Board of Port Taranaki Ltd.

Recommendations

That the Taranaki Regional Council:

- a) receives Port Taranaki Ltd's draft Statement of Corporate Intent for the period 1 July 2022 to 30 June 2025
- b) provides any feedback to the Chief Executive on the content of the draft Statement of Corporate Intent.

Background

3. Section 8 of the *Port Companies Act 1998* (the Act) requires Port Taranaki Ltd's Directorate to deliver to the shareholder, a draft Statement of Corporate Intent. The content of the draft Statement of Corporate Intent is specified under section 9 of the Act.
4. Section 10 of the Act requires the Directorate to consider any comments from the shareholder on the draft Statement of Corporate Intent and then to deliver a completed Statement of Corporate Intent. It should be noted that port companies that are listed on the stock exchange or are less than 50% owned by local authorities are not required to produce a Statement of Corporate Intent.

Discussion

5. The Directorate of Port Taranaki Ltd has delivered the attached draft Statement of Corporate Intent pursuant to section 8 of the Act. The content complies with the requirements of section 9 of the Act.
6. This year's draft Statement of Corporate Intent (SCI) follows the same format adopted last year. In most areas, the content is the same or similar to previous years.
7. The nature and scope of activities section has been updated with five key focus areas and three strategy enablers.
8. The sustainability section has been updated and expanded upon.
9. The key financial targets have been updated. These are set at slightly lower levels than last year reflecting current operating conditions.
10. The Health, Safety and Wellbeing section has been updated to supporting our people and community. Components of the Sustainability Strategy are now included in this new section.
11. The environmental enhancement section has been updated
12. New sections on enduring relationships and resilience have been added.
13. The board has strengthened its ESG (Environmental, Social and Governance) criteria. This is being demonstrated through its planning (in this Statement of Intent), through increased monitoring and through increased reporting (specifically, the Annual Report).
14. The dividend payout policy remains unchanged and is in-line with the *2021/2031 Long-Term Plan*. The considerations around distribution of profits to the shareholder have been updated.
15. The draft Statement of Corporate Intent has been reviewed and there are no further comments or suggestions other than those previously noted to the Board of Port Taranaki Ltd. The Statement of Intent reflects the challenges faced by the Board as the Company addresses its strategic directions.
16. Now is the opportunity to provide feedback to Port Taranaki Ltd on the draft Statement of Corporate Intent.

Financial considerations—LTP/Annual Plan

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

Policy considerations

18. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

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

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

Community considerations

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

Legal considerations

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

Appendices/Attachments

Document 3084163: Port Taranaki Ltd Draft Statement of Corporate Intent – 1 July 2021 – 30 June 2024.

DRAFT



PORT TARANAKI LIMITED

STATEMENT OF CORPORATE INTENT

For the period from 1 July 2022 to 30 June 2025

Introduction

This statement is submitted by the Directors of Port Taranaki Limited (“**Port Taranaki**”, “**Company**” or “**Port**”) in accordance with the requirements of Section 9 of the Port Companies Act 1988. It sets out the Board’s intentions, objectives and expectations of the Company for the period 1 July 2022 to 30 June 2025.

The purpose of this Statement of Corporate Intent is to:

- State publicly the activities and intentions of Port Taranaki and the objectives to which those activities will contribute; and
- Provide a basis for the accountability of Port Taranaki’s Board of Directors to the Shareholder for the performance of the Company.

Port Taranaki’s achievements against the objectives in this SCI will be reported in the Company’s Annual Report for the year ending 30 June 2023.

Objectives

The Company’s principal objective is to operate as a successful business. The Company interprets this to mean that its activities will create long-term value for all its stakeholders (anyone who has something to gain or lose from the Company’s activities).

Accordingly, Port Taranaki seeks to create long-term value for its Shareholder and ensure that the Company is seen as a responsible corporate citizen that is successful and sustainable and one that the region and community are proud of. The Company will:

- Deliver on the performance targets and measures set out in this SCI.
- Provide its Shareholder with a satisfactory dividend flow.
- Pursue sustainable business opportunities that seek to diversify revenue and are based upon our capabilities and expertise.
- Undertake activities designed to ensure the safe and effective utilisation of its assets, its people, contractors and other service providers.
- Provide customers with a safe, effective, efficient and competitive port operation.
- Focus on the health, safety, and wellbeing of its people by a culture of safety leadership and seek to reduce risk and continuously improve safety in the working environment.
- Adopt a sustainable approach to the operation of all its activities and pursue a commitment to protecting the environment.
- Be a fair employer and provide a workplace that values people, supports the development of its people and builds teamwork, diversity and inclusion.

- Have regard to the issues that its stakeholders consider material.
- Manage its financial assets and liabilities prudently and in a manner which will provide an appropriate return on the Shareholder's investment, whilst ensuring the provision of long-term marine and port infrastructure assets for the region.

Nature and Scope of Activities

Port Taranaki is the only deep-water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy industry), dry bulk (logs, fertiliser, stock feed and cement) and general cargo. The Company creates long-term value by using its resources (assets and people) and relationships to undertake port and marine related commercial activities that include, but are not limited to, the provision of vessel and cargo/logistics handling services, offshore support and property and storage services.

In achieving its strategic objectives, the nature and scope of activities undertaken by the Company will be influenced by, and be responsive to, the competitive and regulatory environment. The Shareholder will be informed and consulted on any proposal for significant diversion from existing activities or expansion into new business areas.

To achieve our purpose, Port Taranaki's strategy has five key focus areas:

- People, Culture and Safety.
- Customers.
- Efficiency and Competitiveness.
- Asset Utilisation.
- Community & Environment.

The enablers of our strategy are: (1) People; (2) Connectivity; and (3) a Flexible Land Footprint.

Mission and Vision

Businesses face many challenges getting their products to market. At Port Taranaki we provide a safe harbour, services, and storage facilities that makes trade easy for customers and helps Taranaki prosper.

The Company's vision is to be "The Pride of Taranaki". This vision reflects a successful and sustainable business that the region and community are proud of and describes the Company's desire to develop community connections, create strong relationships with Iwi and signals a commitment to protecting and enhancing the environment in which the Company operates.

Port Taranaki will excel at its core activities and actively build on those to grow its business.

Sustainability

The Company's vision is to be "The Pride of Taranaki". Sustainability is a key component of this. The Company recognises that it operates in a unique and yet highly modified environment and that its business operations impact many people. The Company's Sustainability Strategy:

- Identifies and addresses the issues that are: (1) material to the Company's risks, opportunities, and financial performance; and (2) important to its communities, customers, shareholder, Iwi, hapū and key stakeholders.
- Includes a programme of action with sustainability performance targets.
- Addresses PTL's climate change impact.

The overarching goal of PTL's Sustainability Strategy is to create long-term value for all its stakeholders. It is based upon four themes:

1. Supporting our People and Community – creating value for our employees and our community.
2. Environmental Enhancement – creating value for future generations and our planet.
3. Enduring relationships – creating value through authentic partnerships with our community, port users, customers, Iwi and hapū.
4. Resilience – creating value for our business, shareholder, customers and port users.

Performance Targets

1. Trade Volumes

The Company will pursue strategies aimed at maximising the opportunity for trade through the Port and growing 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.

2. Financial

The Company will provide an assessment of its financial performance against several measures based on the value of its assets including:

- Profitability and growth;
- Return on assets and capital employed; and
- Gearing levels and capability to service that debt.

The key financial targets of the Company are as presented in the table below:

| <i>Year Ending 30 June</i> | 2023 - 2025 |
|---|--------------------|
| EBITDA on Average Total Assets | > 10.4% |
| Return (NPAT) on Average Total Assets | > 4.5% |
| Return (NPAT) on Average Shareholder's Funds | > 5.8% |
| Shareholder Equity Ratio (Shareholder Equity / Total Assets) | > 65% |
| Interest Coverage Ratio | > 5x |

3. Supporting our People and Community

A key objective of our Sustainability Strategy is to support our people and community. This encompasses the Company's commitment to ensuring that it provides a safe and healthy workplace for its employees, Port users, contractors, and the public.

This component of Port Taranaki's Sustainability Strategy is focused on:

- Advancing a positive health, safety and wellbeing culture.
- Preventing incidents and proactively managing wellbeing.
- Building teamwork, diversity and inclusion.
- Providing locally targeted sponsorship and support activities.

Health, Safety and Wellbeing measures the Company will focus on in the next twelve months include:

- Improve processes to enhance PCBU's understanding, accountability and experience within the Port:
 - Deliver an enhanced and more customised induction.
 - Improve signage.
 - Enhance site management and awareness.
- Developing and implementing an updated Fatigue Management System.
- Refreshing the Company's workplace monitoring programme in line with best practice.
- Developing and implementing a Psychological Safety programme aligned to Just Culture outcomes.

In supporting our people we aim to develop a capable, agile workforce with an accountable culture through empowered teams.

The Company seeks to be a fair employer and provide a workplace that values people, supports the development of its people and builds teamwork, diversity and inclusion.

4. Environmental Enhancement

The Company recognises that it operates in a unique and yet highly modified environment and is committed to protecting and enhancing the environment in which the Company operates. This includes a commitment to improving its environmental practices and performance.

In enhancing the environment, the Company is focused on:

- Responsible stewardship.
- Protecting water quality.
- Maintaining air quality.
- Protecting marine and bird life.
- Climate change.
- Decarbonisation.

Over the next 12 months key focus areas are:

- Continuing to implement a programme of works to upgrade lights to LEDs over time.
- Investigating the possibility of fueling the fleet on biodiesel.
- Investigating the installation of EV charging stations.
- Investigating the feasibility of a solar development on Port land/property.
- Commencing the development of marine cultural health index.

- Developing and implementing a programme of environmental performance reviews of key customers and key port users.

5. Enduring Relationships

The Company recognises that its activities impact many stakeholders – our employees, the community, Iwi, hapū, our customers, our shareholder and others key stakeholders. As sustainability to us means ensuring long-term business resilience (inter-generational) and success while positively contributing toward the economy and our customers through the supply chain, society and the environment, we are focused on:

- Fostering enduring partnerships.
- Working collaboratively with Iwi and hapū.
- Enabling a strong customer-centric workplace culture.
- Engaging with the local community.

Over the next 12 months the Company will:

- Consult on, and rename, cultural landmarks within the Port.
- Develop an engagement plan with Iwi and hapū.
- Establish a Community Engagement Plan that provides for regular engagement with local communities.
- Continue to support community initiatives each year through sponsorship and grants.

6. Resilience

The Company seeks to create value for our business, shareholder, customers and port users over the long-term. This means ensuring long-term business resilience and positioning ourselves for success and being cognisant of long-term trends and the risks and opportunities that these provide. We are therefore focused on:

- Delivering strategically for the long-term.
- Sound and prudent operations.
- Sound financial performance.
- Providing a return to our Shareholder.
- Managing risk, including that from climate change.
- Optimizing opportunities.
- Transparent ESG reporting.

Over the next 12 months the Company will:

- Establish reporting principles in accordance with the GRI sustainability reporting standards and prepare environmental reporting in accordance with these standards.
- Undertake a study to understand PTL's exposure and vulnerability to the changing climate.
- Refine and enhance PTL's climate adaption planning in the Asset Management Plan.
- Continue to refine PTL's emissions reporting and the monitoring and reporting of ESG measures.

Governance

PTL's Board of Directors is accountable to its Shareholder on how it runs the business, manages risks, reviews and improves performance and delivers on its promise as set out in this SCI.

In discharging its duties, Port Taranaki's Directors are committed to high standards of corporate governance and have adopted the following governance objectives:

1. To lay solid foundations for management and oversight.
2. To structure itself to add value through its composition, size and commitment.
3. To promote ethical and responsible decision-making and act ethically and responsibly.
4. To safeguard the integrity of its corporate reporting.
5. To respect the rights of its Shareholder.
6. To recognise and manage risk.
7. To remunerate fairly and responsibly.
8. To ensure that PTL acts as a good corporate citizen.
9. To promote a Company culture that embraces diversity and inclusion.

The Board conduct, responsibilities and commitments are guided by its Board Charter and key Company Policies.

PTL's Directors are appointed by the Shareholder and the role of the Board is to effectively represent and promote the interests of the Shareholder with a view to adding long-term value to the Company. Having regard to its role the Board directs and supervises the management of the business and affairs of the Company.

In accordance with its Board Charter, Board committees are formed when it is efficient or necessary to facilitate efficient decision-making. Each Board Committee has a written charter approved by the Board. The members of each Board Committee are appointed by the Board based upon the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors. The role, function, charter, performance and membership of each Committee are reviewed by the Board on an annual basis.

Distribution of Profits to Shareholder

The Company's Capital Management Policy is to maintain a stable and strong capital base, defined as targeting a long-term Standard and Poor's shadow credit rating of BBB, so as to maintain investor and creditor confidence and to sustain the future business development of the Company. In accordance with its Capital Management Policy, the Company's annual dividend pay-out takes into consideration:

- Earnings, cashflow and performance in any given period;
- Working capital requirements;
- Capital expenditure requirements;
- Risks from predicted short and medium-term economic and market conditions;
- The Company's trade and financial outlook;
- The free cash flow available for distribution
- The tax efficiency of distributions; and
- The interests of the Shareholder.

The Company forecasts, subject to the Directors' consideration of the above factors, that it will pay on average an annual dividend greater than or equal to \$8.00 million for each of the next three financial years.

As noted above, the current operating environment is highly uncertain and consequently developing forecasts is challenging. Dividend payments will reflect the circumstances at the time.

| Year Ending 30 June | 2023 - 2025 |
|-------------------------|-------------|
| Dividends \$m per annum | \$8.00 |

Accounting Policies

Policy application will be made consistent with and conform to:

- The legal requirements of the Companies Act 1993;
- Generally accepted accounting principles (NZ GAAP);
- Financial Reporting Act 2013;
- New Zealand equivalents to the International Financial Reporting Standards (NZIFRS); and
- Other applicable regulatory and statutory requirements.

Shareholder Information

The Company will provide the Shareholder with information (within two months of the relevant reporting period) that is normally provided to a controlling private Shareholder, and as required under the Port Companies Act 1988 as set out below.

- Quarterly reports on activities and results including health, safety and environmental performance.
- Half-yearly report including such information as the Directors consider necessary to enable an informed assessment to be made of the Company's performance in the reporting period.
- Annual Report containing audited financial statements for the year.
- Budget and Business Plan financial information for the first of the three-year period covered under the Statement of Corporate Intent.
- Details of any significant new developments which have not been covered in the Budget or Statement of Corporate Intent for the year.
- Any information which would normally be available to a Shareholder, thereby enabling the Shareholder to assess the value of its investment in the Company.
- Significant departure from the anticipated performance of the Company including industrial or other activities that may affect the operations or reputation of the Company.
- Details of any new developments which would involve a significant move away from the current activities of the business.

In addition, the Company will provide to the Shareholder, within one month of commencement of each financial year, its draft Statement of Corporate Intent for that year with the expectation that it will be completed before the end of the first quarter of the financial year.

Procedures for Major Transactions and Other Acquisitions and Disposals

The Company will only invest in the shares of another business when the shares acquired are considered likely to bring added value or will further enhance the objectives of the Company.

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

The Company will not enter into any transaction of the nature of a major transaction where: (a) the acquisition is of assets equivalent in value to 20% or more of the assets of the Company before the acquisition; or (b) the disposition of assets equivalent in value to 20% or more of the assets of the Company, without giving written notice to the Shareholder of its intention and consulting with it.

The Company will always ensure that:

- Control of the affairs of every subsidiary of the Company is exercised by a majority of the Directors of that subsidiary; and
- A majority of the Directors of every subsidiary of the Company are persons who are also Directors or Executives of the Company, or who have been approved by the Shareholder for appointment as Directors of the subsidiary.

Procedures for Issues of Shares

In accordance with paragraph eight of the Company's constitution, the Company will not issue any shares unless the Shareholder has resolved by ordinary resolution to approve the issue.

Consent of the Shareholder must be granted prior to the Company entering into any transaction(s) that may have immediate or future potential to alter the current ownership structure of the Company.

Activities for Which Compensation is Sought

The Company, if requested by the Shareholder, will construct and maintain recreational facilities, for which the Company expects to be remunerated.

Estimate of Commercial Value of the Shareholder's Investment

The Directors' assessment of the value of the Shareholder's investment in the Company is the valuation of the worth of the net tangible assets at 30 June 2022 as shown in the audited financial statements as at that date. The market value of the Company may differ to that value.

A reassessment of the value of the Shareholder's investment in the Company will be undertaken as may be required from time to time by the Shareholder or Directors. In reassessing the value of the Company, following a specific request to do so, the Company is likely to determine the commercial value of the Company through a discounted cash flow approach.

Executive, Audit & Risk Committee Public Excluded

In accordance with section 48(1) of the *Local Government Official Information and Meetings Act 1987*, resolves that the public is excluded from the following part of the proceedings of the Executive, Audit and Risk Committee Meeting on Monday 1 August 2022 for the following reason/s:

Item 10 - Public Excluded Minutes – 20 June 2022

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

Item 11 – Consideration of the 2021/2022 Annual Report

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

Item 12 –Regional Software Holdings Limited Transition to the Regional Sector Shared Services Organisation

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

Item 13 – Upgrade of Financial System

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

Item 14 – Yarrow Stadium Plus: Project Steering Group Report

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