



AGENDA

Executive, Audit & Risk

Monday 19 June 2023, 8.30am

Executive Audit and Risk Committee

19 June 2023 08:30 AM



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Whakataka te hau

Karakia to open and close meetings

| | |
|------------------------------------|---|
| Whakataka te hau ki te uru | Cease the winds from the west |
| Whakataka te hau ki te tonga | Cease the winds from the south |
| Kia mākinakina ki uta | Let the breeze blow over the land |
| Kia mātaratara ki tai | Let the breeze blow over the ocean |
| Kia hī ake ana te atakura | Let the red-tipped dawn come with a sharpened air |
| He tio, he huka, he hauhu | A touch of frost, a promise of glorious day |
| Tūturu o whiti whakamaua kia tina. | Let there be certainty |
| Tina! | Secure it! |
| Hui ē! Tāiki ē! | Draw together! Affirm! |

Nau mai e ngā hua

Karakia for kai

| | |
|---------------------------------|----------------------------------|
| Nau mai e ngā hua | Welcome the gifts of food |
| o te wao | from the sacred forests |
| o te ngakina | from the cultivated gardens |
| o te wai tai | from the sea |
| o te wai Māori | from the fresh waters |
| Nā Tāne | The food of Tāne |
| Nā Rongo | of Rongo |
| Nā Tangaroa | of Tangaroa |
| Nā Maru | of Maru |
| Ko Ranginui e tū iho nei | I acknowledge Ranginui above and |
| Ko Papatūānuku e takoto ake nei | Papatūānuku below |
| Tūturu o whiti whakamaua kia | Let there be certainty |
| tina | Secure it! |
| Tina! Hui e! Taiki e! | Draw together! Affirm! |



Date 19 June 2023

Subject: **Executive, Audit and Risk Committee Minutes – 8 May 2023**

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

Document: 3178953

Recommendations

That the Taranaki Regional Council:

- a) takes as read and confirms the minutes of the Executive, Audit and Risk Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 8 May at 10am
- b) notes the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 16 May 2023.

Matters arising

Appendices/Attachments

Document: 3170404 Minutes Executive Audit and Risk Committee – 8 May 2023



Date Monday 8 May 2023, 10am
Venue: Taranaki Regional Council Boardroom, 47 Cloten Road, Stratford
Document: 3170404

| | | | |
|------------------|-------------|----------------|-------------------------------|
| Members | Councillors | M J Cloke | <i>Chair</i> |
| | | S W Hughes | |
| | | A L Jamieson | |
| | | C S Williamson | |
| | | C L Littlewood | <i>ex officio (zoom)</i> |
| | | N W Walker | <i>ex officio</i> |
| Attending | Mr | S J Ruru | Chief Executive |
| | Mr | M J Nield | Director – Corporate Services |
| | Ms | R Johnson | Financial Services Manager |
| | Mrs | M G Jones | Governance Administrator |
| | Mr | C Woollin | Communications Advisor |
| | Ms | F Ritson | Senior Policy Analyst |
| | Ms | C Gazley | Transport Engagement Manager |

The meeting opened with Karakia at 10.00am.
Apologies were received and sustained from Councillor D H McIntyre.

1. Confirmation of Minutes Executive Audit and Risk – 27 March 2023

Resolved

That the Taranaki Regional Council:

- a) took as read and confirmed the minutes of the Executive, Audit and Risk Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 27 March 2023 at 10am
- b) noted the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 4 April 2023.

Hughes/Walker

2. Financial and Operational Report

- 2.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to update the committee on the Council’s financial and operational performance.

Resolved

That the Taranaki Regional Council:

- a) received the memorandum *Financial and Operational Report* and the February 2023 Monthly Financial Report
- b) noted the digital media update

Williamson/Jamieson

3. Health and Safety

- 3.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum providing an update on Health and Safety.
- 3.2 Councillor SW Hughes requested data be presented to the Executive Audit and Risk Committee pertaining to how many staff currently have three or more weeks annual leave.

Resolved

That the Taranaki Regional Council:

- a) received the March 2023 health and safety report.

Walker/Hughes

4. Quarterly Operational Report – March 2023

- 4.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to provide the members with an update on the *Quarterly Operational Report – March 2023*.

Resolved

That the Taranaki Regional Council:

- a) received the *Quarterly Operational Report for the quarter ended 31 March 2023*.

Cloke/Williamson

5. Well-being Assessment of Port Taranaki

- 5.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum condising BERL’s 2022 well-being assessment for Port Taranaki.

Resolved

That the Taranaki Regional Council:

- a) received BERL's 2022 report on the Economic Impact and well-being assessment of Port Taranaki.

Walker/Hughes

6. Transport Policy

- 6.1 Ms F Ritson – Senior Policy Analyst spoke to the memorandum to update Members on the key transport policy work streams.

Resolved

That the Taranaki Regional Council:

- a) received the memorandum titled *Transport policy work streams*
- b) noted the work underway to create a Better Travel Choices for Taranaki strategy, which will incorporate a revised Regional Public Transport Plan
- c) noted the work underway to develop the first Regional Speed Management Plan for Taranaki, which is a new requirement for local government.

Cloke/Jamieson

10.22 Councillor Littlewood joined meeting in person

10.38 Ms F Ritson and Ms C Gazley left meeting

7. Long-Term Plan 2024 - Proposed

- 7.1 Mr S Ruru, Chief Executive, spoke to the memorandum to present the proposed 2024 Long Term Plan

- a) approved the Strategic Framework (as summarised in Attachment A) for inclusion in the draft 2024 Long-Term Plan and notes that it will be subject to community consultation during 2024
- b) determined that this decision be recognised as not significant in terms of section 76 of the *Local Government Act 2002*
- c) determined that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act, determined that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

Littlewood/Jamieson

8. Long-Term Plan 2024 – Environmental Scan

- 8.1 Mr S Ruru – Chief Executive, spoke to the memorandum to present the Environmental Scan report.

Resolved

That the Taranaki Regional Council:

- a) received the Memorandum *Long-Term Plan 2024 – Environmental Scan*
- b) endorsed use of the Environmental Scan document as a reference document for use during development of the Long-Term Plan 2024

- c) determined that this decision be recognised not significant in terms of section 76 of the *Local Government Act 2002*
- d) determined that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act, determined that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

Cloke/Williamson

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 12 September 2022 for the following reason/s:

Item 14 – Confirmation of Public Excluded Minutes Executive Audit and Risk Committee March 2023

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; and/or enable any local authority holding the information to carry out, without prejudice, commercial activities.

Item 15 – Yarrow Stadium Plus: Project Status Reporting

The matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under section 48(1) of the *Local Government Official Information and Meetings Act 1987* are as follows:

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|---|---|
| Yarrow Stadium Plus: Project Status Reporting | <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p>To enable any local authority holding the information to carry on, without prejudice or</p> | <p>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 for which good reason for withholding would exist under section 7 (2) (h) and (2) (i) of the <i>Local Government Official</i></p> |

| | | |
|--|--|---|
| | disadvantage, negotiations (including commercial and industrial negotiations). | <i>Information and Meetings Act 1987.</i> |
|--|--|---|

Cloke/Hughes

There being no further business, the Committee Chairperson, Councillor M J Cloke, declared the open meeting of the Executive, Audit and Risk Committee closed at 11.16am.

Executive, Audit and Risk

Committee Chairperson: _____

M J Cloke



Date: 19 June 2023

Subject: **Financial and Operational Report**

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

Document: 3176778

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 March and April 2023 Monthly Financial Reports
- b) notes the digital media update.

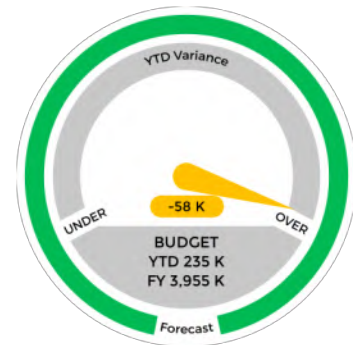
Background

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 are the Monthly Financial Reports for March and April 2023.
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 overall financial result is behind budget to the estimates established for 2022/2023 in the 2022/2023 Annual Plan.
9. The significant growth in staff and Council activities is increasing expenditure levels - especially in legal, information technology and recruitment expenditure and this is impacting all activities as overheads. This will continue through the financial year.
10. Significant income and expenditure variances by activity (plus or minus \$100,000) are:
 - *Consent processing and administration* - \$346,462 over budget due to the increased workload for resource consents.
 - *Compliance monitoring programmes* - \$227,837 over budget due to higher overhead expenses than planned.
 - *Resource investigations and projects* - \$106,204 over budget due to current higher share of State of the Environment costs. This will be resolved by year-end.



- *Sustainable land management plans and plant supply programme* - \$409,705 over budget due to higher depreciation and overhead expenses.
- *Enhancement grants* - \$408,695 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year-end.
- *Resource management direct charges revenue* - \$179,170 under budget due to the timing of revenue across departments, except for *Pollution incidents and response* revenue which is expected to remain under budget for the remainder of the year.
- *Towards Predator-Free Taranaki* - \$1,056,843 under budget. Planning to utilise some of this underspend to give greater support to landowners later in the year.
- *Biosecurity and biodiversity direct charges revenue* - \$1,219,645 under budget mainly due to lower *Towards Predator-Free Taranaki* expenditure than planned as project funding revenues are not recognised until the costs are incurred.
- *Passenger Transport* - \$291,741 over budget because of higher bus contract costs due to inflation and extra bus services.
- *Transport direct charges* - \$325,932 under budget due to the impact of half-price fares.
- *Transport government grants* - \$943,339 over budget due to increased claims because of half-price bus fares and higher bus contract costs.
- *River Control Schemes* - \$148,580 under budget due to lower maintenance costs than expected. These will be completed when required, either as a result of damage, or periodic asset improvements resulting from inspections.
- *Regional Gardens* - \$314,065 over budget due to higher repair costs across all gardens and the impact of higher overhead expenses than planned.
- *Governance* - \$161,317 over budget due to the impact of higher costs generally, including election, travel and overheads.

Communications and Engagement

11. Communications and engagement activities are delivered across publications, media releases, advertising, digital media, events and through education. Recent points of note are:
 - The website was visited by 22,000 unique users from 22 April to 1 June 2023 – a 20% increase on the same period the previous year.
 - A media release was sent following the adoption of the Annual Plan. There has been limited resulting media coverage, Daily News story here: <https://www.stuff.co.nz/taranaki-daily-news/132060153/regional-council-sets-15-general-rates-rise-to-combat-increased-costs>
 - Continuing campaign in print media, radio and social media to reinforce messaging around Essential Freshwater regulations coming into effect, e.g. N-Cap and stock exclusion.
 - Work in reaction to the Government's Budget announcement on free and half price public transport, with public-facing communications and changing marketing assets such as website etc.
 - The Chiefs v Reds Super Rugby match saw the Yarrow Stadium Facebook page reach more than 80,000 people over the two days – thanks mainly to shares and

check ins from the Chiefs and Reds social media accounts. The day to day running of that Facebook page has been returned to the NPDC events team.

- A story in the Stratford Press has highlighted the pilot People’s Panel, which is one example of our increasing focus on community engagement. We expect interest in and usage of this to continue growing. <https://www.nzherald.co.nz/stratford-press/news/taranaki-regional-council-new-panel-provides-chance-to-share-thoughts-and-ideas/15U6YVXB25CFDE2GRAU7YP7YMI/>
 - Continued communications campaign behind Council programmes, including the annual riparian plant distribution week (direct communications with landowners and social media), the urban pest plant inspections in New Plymouth and upcoming free ginger dump, marketing of upcoming Regional Gardens events and highlighting biodiversity work through International Biodiversity Day and the City Nature Challenge.
12. Facebook numbers will continue to go up and down, depending on posts that month. In general, we are seeing good reaction to positive content highlighting what a great place Taranaki is – exemplified by the massive reach for a photo of Taranaki Maunga taken by one of our communications team. The new Monday Memories feature is another way to connect with our community.

| Facebook pages 22 April - 1 June | Followers | Reach | Engagement |
|-------------------------------------|-----------|---------------------------------------|------------|
| Taranaki Regional Council | 6,748 | 80,655 (down 6.9% on previous period) | 4.1K |
| Taranaki Public Transport | 2,081 | 8,230 (up 14%) | 104 |
| Tūpare | 2,339 | 14,323 (up 15%) | 162 |
| Pukeiti | 3,594 | 18,014 (down 9%) | 315 |
| Hollard Gardens | 2,703 | 3,391 (down 70%) | 19 |
| Towards Predator-Free Taranaki | 2,640 | 14,490 (down 17%) | 420 |
| Yarrow Stadium | 3,901 | 93,714 (up 3,400%) | 207 |
| Enviroschools | 696 | 113 | 9 |

| Top Facebook posts (last 28 days - organic only) | | Reach | Engagement |
|--|---|-------|------------|
| 1 | Taranaki Maunga. Simply stunning. (photo of first snow) | 40K | 3.5K |

| Top Facebook posts (last 28 days - organic only) | | Reach | Engagement |
|--|---|-------|------------|
| | Taranaki Regional Council | | |
| 2 | TEMPORARY BUS STOP RELOCATIONS – Bell Block Monday 22nd May to Monday 31st July 2023 Taranaki Public Transport | 6.1K | 501 |
| 3 | Ginger, ginger and a touch more ginger. That's what we found when we hit the streets last week for a roadside.... Taranaki Regional Council | 4.8K | 972 |
| 4 | Autumn at Tūpare, as captured by gardener Ayla. (photos) Taranaki Regional Council | 2.9K | 239 |
| 5 | Today is International Biodiversity Day! Do you know what's in your back yard? Taranaki Regional Council | 2K | 201 |
| 6 | We've called our smallest Freshwater Management Unit the Coastal Terraces. Taranaki Regional Council | 1.9K | 64 |
| 7 | It's another damp day out there today and our stats for last month show there were plenty of April showers.. Taranaki Regional Council | 1.8K | 42 |
| 8 | Farmers are now able to tell us how much synthetic nitrogen fertiliser they've used over the last year.. Taranaki Regional Council | 1.8K | 201 |
| 9 | We're stoked to have secured significant funding to continue our South Taranaki and Regional Erosion Scheme.. Taranaki Regional Council | 1.7K | 139 |
| 10 | This Monday Memory photo was taken on 12 April 1929 and marks the completion of an 800ft (243m) addition.. Taranaki Regional Council | 1.7K | 168 |

Financial considerations—LTP/Annual Plan

13. 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

14. 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

15. 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

16. 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

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

Appendices/Attachments

Document 3168425: March 2023 Financial Report

Document 3175867: April 2023 Financial Report



MARCH 2023

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: |
| \$32.4M | \$407.1K under budget ↑ | \$31.3M | \$290.1K over budget ↑ | \$1.2M | \$679.2K behind budget ↑ |
| Against a YTD budget of \$32.8M and a full year budget of \$46.6M. | | Against a YTD budget of \$31.0M and a full year budget of \$47.5M. | | Against a YTD budget of \$1.9M and a full year budget of \$-0.1M. | |

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

Commentary and variances

As at 31 March 2023, the overall financial result is behind 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.

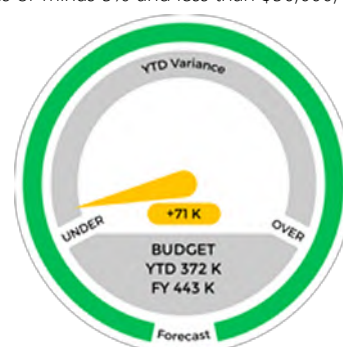
For each Group of Activities:

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 | | | 2022/2023 |
|--|------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Cost of services | | | | | | | |
| Resource management | 1,689,512 | 1,374,571 | -314,941 | 14,212,434 | 13,264,325 | -948,109 | 23,726,044 |
| Biosecurity and biodiversity | 558,675 | 1,594,566 | 1,035,891 | 5,033,514 | 6,371,842 | 1,338,328 | 8,012,037 |
| Transport | 570,158 | 527,123 | -43,034 | 4,970,314 | 4,706,050 | -264,264 | 6,407,534 |
| Hazard management | 75,723 | 86,144 | 10,421 | 676,888 | 800,160 | 123,272 | 1,097,123 |
| Recreation culture and heritage | 319,987 | 261,931 | -58,056 | 4,363,374 | 4,158,306 | -205,068 | 5,633,158 |
| Regional representation advocacy and investment management | 192,800 | 157,959 | -34,841 | 1,726,581 | 1,600,464 | -126,117 | 2,128,388 |
| Total operating expenditure | 3,406,855 | 4,002,294 | 595,439 | 30,983,105 | 30,901,147 | -81,958 | 47,004,286 |
| Revenue from exchange transactions | | | | | | | |
| Direct charges revenue | 720,455 | 533,072 | 187,383 | 3,684,610 | 4,069,472 | -384,862 | 5,048,875 |
| Rent revenue | 142,066 | 110,000 | 32,066 | 1,236,152 | 990,000 | 246,152 | 1,260,000 |
| Dividends | 4,000,000 | 0 | 4,000,000 | 8,000,000 | 8,000,000 | 0 | 8,000,000 |
| Revenue from non-exchange transactions | | | | | | | |
| General rates revenue | 0 | 0 | 0 | 8,851,002 | 8,851,002 | 0 | 11,801,335 |
| Targeted rates revenue | 0 | 0 | 0 | 3,574,340 | 3,574,359 | -20 | 4,765,811 |
| Direct charges revenue | 126,110 | 1,575,630 | -1,449,520 | 2,723,560 | 4,639,357 | -1,915,797 | 11,229,886 |
| Government grants | 290,629 | 194,091 | 96,538 | 3,409,929 | 2,497,819 | 912,110 | 3,750,071 |
| Vested assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total income | 5,279,260 | 2,412,793 | 2,866,467 | 31,479,594 | 32,622,009 | -1,142,415 | 45,855,978 |
| Operating surplus/(deficit) before finance income/expenses & taxation | 1,872,405 | -1,589,501 | 3,461,906 | 496,488 | 1,720,862 | -1,224,374 | -1,148,308 |
| Finance income | 99,509 | 16,666 | 82,843 | 961,284 | 225,937 | 735,347 | 655,659 |
| Finance expense | 0 | 0 | 0 | -284,114 | -75,943 | 208,171 | -455,659 |
| Net finance expense | 99,509 | 16,666 | 82,843 | 677,170 | 149,994 | 527,176 | 200,000 |
| Operating surplus before taxation | 1,971,914 | -1,572,835 | 3,544,749 | 1,173,659 | 1,870,856 | -697,197 | -948,308 |
| Other gains/losses | | | | | | | |
| Gains/(losses) on revaluation of properties | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating surplus before taxation | 1,971,914 | -1,572,835 | 3,544,749 | 1,173,659 | 1,870,856 | -697,197 | -948,308 |
| Income tax expense | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Surplus/(deficit) for the period | 1,971,914 | -1,572,835 | 3,544,749 | 1,173,659 | 1,870,856 | -697,197 | -958,308 |
| 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) | 1,971,914 | -1,572,835 | 3,544,749 | 1,173,659 | 1,870,856 | -697,197 | -958,308 |

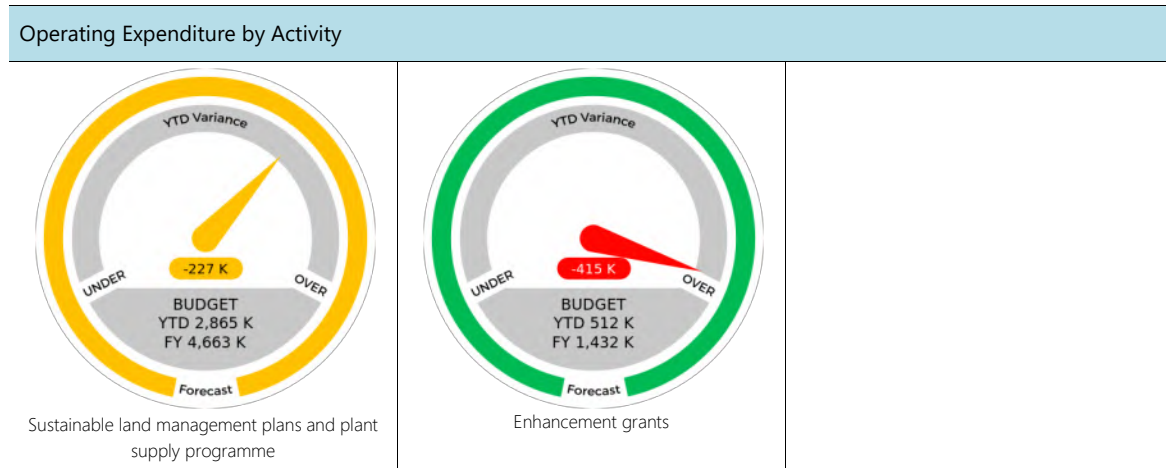
Resource management

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: |
| \$5.3M | \$278.7K under budget ↓ | \$14.2M | \$948.1K over budget ↓ |
| Against a YTD budget of 5.6M and a full year budget of 13.1M. | | Against a YTD budget of 13.3M and a full year budget of 23.7M. | |

| 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 over budget. Material activity variances (> or < than \$100,000) are:

Consent processing and administration - \$262,073 over budget due to the increased workload for resource consents.

Sustainable land management plans and plant supply programme - \$226,937 over budget due to higher depreciation and overhead expenses.

Enhancement grants - \$415,003 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year end.

Direct Charges Revenue - \$344,042 under budget due to the timing of revenue across departments, except for Pollution incidents and response revenue which is expected to remain under budget for the remainder of the year.



RESOURCE MANAGEMENT


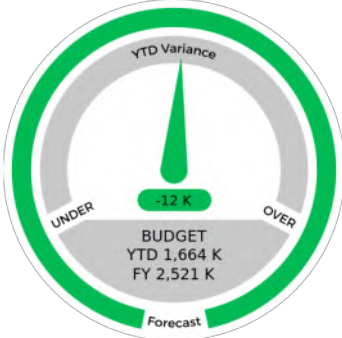
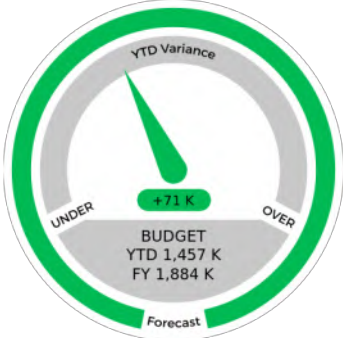
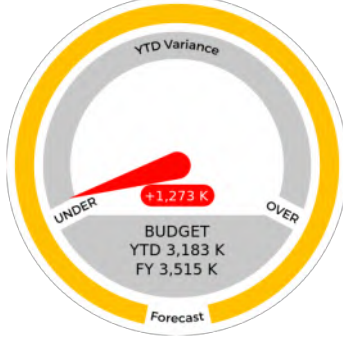
Cost of services statement

| RESOURCE MANAGEMENT | | | | | | | |
|--|------------------|------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Resource management planning | 177,556 | 106,153 | -71,403 | 926,886 | 995,674 | 68,788 | 1,347,377 |
| Consent processing and administration | 141,101 | 84,884 | -56,217 | 1,078,223 | 816,150 | -262,073 | 1,103,337 |
| Compliance monitoring programmes | 443,612 | 402,578 | -41,034 | 3,847,780 | 3,773,565 | -74,215 | 5,116,784 |
| Pollution incidents and response | 111,285 | 97,485 | -13,800 | 953,119 | 914,786 | -38,333 | 1,240,059 |
| State of the environment monitoring | 315,586 | 304,287 | -11,299 | 2,767,791 | 2,843,777 | 75,986 | 3,850,072 |
| Resource investigations and projects | 145,398 | 58,169 | -87,229 | 618,944 | 542,647 | -76,297 | 730,565 |
| Sustainable land management plans and plant supply programme | 321,152 | 273,440 | -47,712 | 3,092,233 | 2,865,296 | -226,937 | 4,662,752 |
| Waitara River catchment | 0 | 0 | 0 | 25 | 0 | -25 | 4,243,213 |
| Enhancement grants | 33,823 | 47,575 | 13,752 | 927,433 | 512,430 | -415,003 | 1,431,885 |
| Total expenditure | 1,689,512 | 1,374,571 | -314,941 | 14,212,434 | 13,264,325 | -948,109 | 23,726,044 |
| Income | | | | | | | |
| General rates | 378,966 | 378,966 | 0 | 4,077,458 | 4,077,458 | 0 | 5,682,248 |
| Direct charges | 500,523 | 662,951 | -162,428 | 4,512,661 | 4,856,703 | -344,042 | 12,004,171 |
| Government grants | 0 | 0 | 0 | 816,299 | 751,000 | 65,299 | 1,116,000 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to reserves | -79,105 | 0 | -79,105 | -688,044 | 0 | -688,044 | -75,000 |
| Investment funds | 889,128 | 332,654 | 556,474 | 5,494,060 | 3,579,163 | 1,914,897 | 4,998,626 |
| Total income | 1,689,512 | 1,374,571 | 314,941 | 14,212,434 | 13,264,324 | 948,110 | 23,726,045 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | -1 | -1 | 1 |

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: |
| \$1.6M | \$1207.8K under budget  | \$5.0M | \$1338.3K under budget  |
| Against a YTD budget of 2.8M and a full year budget of 2.9M. | | Against a YTD budget of 6.4M 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:

Towards Predator Free Taranaki - \$1,272,904 under budget. Planning to utilise some of this underspend to give greater support to landowners later in the year.

Direct Charges - \$1,207,834 under budget mainly due to lower Towards Predator-Free Taranaki expenditure than planned as project funding revenues are not recognised until the costs are incurred.

BIOSECURITY AND BIODIVERSITY

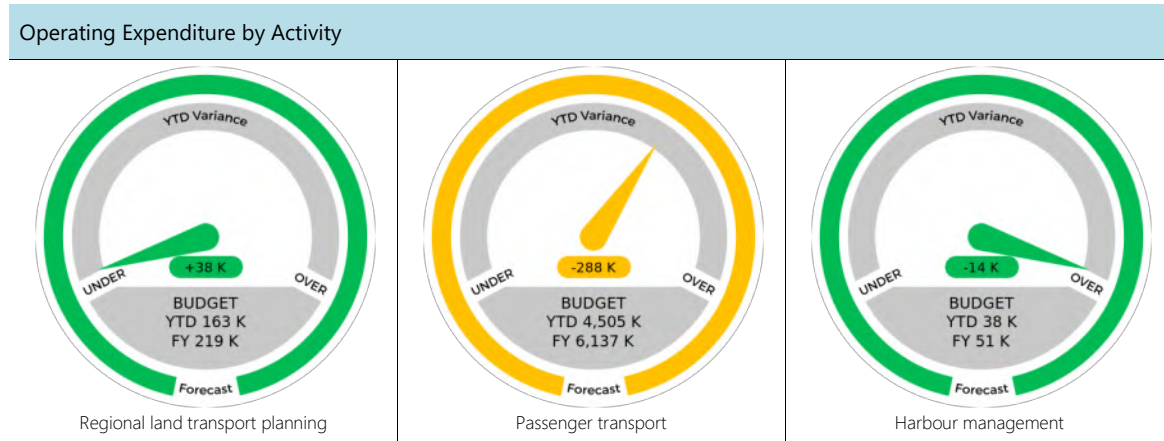
Cost of services statement

| BIOSECURITY AND BIODIVERSITY | | | | | | | |
|---------------------------------------|----------------|------------------|-------------------|------------------|------------------|-------------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Biosecurity and biodiversity planning | 12,065 | 7,212 | -4,853 | 61,941 | 67,583 | 5,642 | 91,458 |
| Biosecurity/pest management | 182,968 | 178,965 | -4,003 | 1,675,153 | 1,663,618 | -11,535 | 2,521,459 |
| Biodiversity | 128,137 | 150,694 | 22,557 | 1,385,971 | 1,457,288 | 71,317 | 1,884,343 |
| Towards Predator-Free Taranaki | 235,506 | 1,257,695 | 1,022,189 | 1,910,449 | 3,183,353 | 1,272,904 | 3,514,777 |
| Total expenditure | 558,675 | 1,594,566 | 1,035,891 | 5,033,514 | 6,371,842 | 1,338,328 | 8,012,037 |
| Income | | | | | | | |
| General rates | 141,858 | 141,858 | 0 | 1,905,323 | 1,905,323 | 0 | 2,614,241 |
| Direct charges | 259,698 | 1,328,186 | -1,068,488 | 1,586,207 | 2,794,041 | -1,207,834 | 2,853,037 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 |
| Transfer to reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment funds | 157,120 | 124,522 | 32,598 | 1,541,985 | 1,672,478 | -130,493 | 2,294,757 |
| Total income | 558,675 | 1,594,566 | -1,035,891 | 5,033,514 | 6,371,842 | -1,338,328 | 8,012,035 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | -2 |

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: |
| \$3.2M | \$564.0K over budget ↑ | \$5.0M | \$264.3K over budget ↓ |
| Against a YTD budget of 2.6M and a full year budget of 3.8M. | | Against a YTD budget of 4.7M and a full year budget of 6.4M. | |



| 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 over budget. Material activity variances (> or < than \$100,000) are:

Passenger Transport - \$288,297 over budget because of higher bus contract costs due to inflation and extra bus services.

Direct Charges - \$282,841 under budget due to the impact of half price fares.

Government Grants - \$846,812 over budget due to increased claims because of half price fares and higher bus contract costs.



TRANSPORT

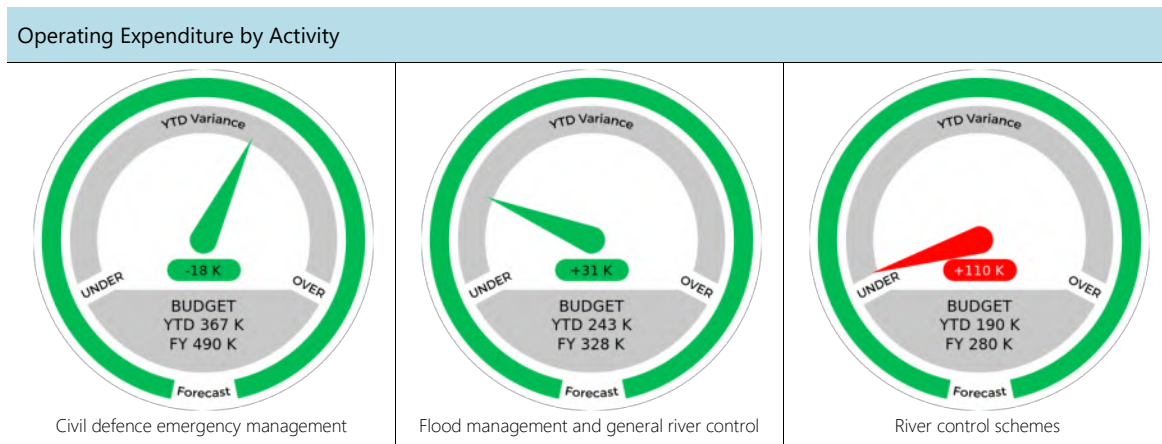
Cost of services statement

| TRANSPORT | | | | | | | |
|------------------------------------|----------------|----------------|----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Regional land transport planning | 21,802 | 17,508 | -4,294 | 124,911 | 162,761 | 37,850 | 219,484 |
| Passenger transport | 527,445 | 497,865 | -29,580 | 4,793,336 | 4,505,039 | -288,297 | 6,137,050 |
| Harbour management | 20,911 | 11,750 | -9,161 | 52,067 | 38,250 | -13,817 | 51,000 |
| Total expenditure | 570,158 | 527,123 | -43,034 | 4,970,314 | 4,706,050 | -264,264 | 6,407,534 |
| Income | | | | | | | |
| General rates | 127,082 | 127,082 | 0 | 393,555 | 393,555 | 0 | 433,062 |
| Targeted rates | 0 | 0 | 0 | 1,370,629 | 1,370,628 | 1 | 1,827,505 |
| Direct charges | 86,257 | 94,399 | -8,142 | 566,750 | 849,591 | -282,841 | 1,132,757 |
| Government grants | 290,629 | 194,091 | 96,538 | 2,593,631 | 1,746,819 | 846,812 | 2,634,071 |
| 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 | 66,190 | 111,551 | -45,361 | 45,750 | 345,457 | -299,707 | 380,139 |
| Total income | 570,158 | 527,123 | 43,034 | 4,970,314 | 4,706,050 | 264,264 | 6,407,534 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Hazard 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: |
| \$0.0M | \$0.6K over budget  | \$0.7M | \$123.3K under budget  |
| Against a YTD budget of 0.0M and a full year budget of 0.0M. | | Against a YTD budget of 0.8M and a full year budget of 1.1M. | |



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

River Control Schemes – under budget by \$110,082 due to lower maintenance costs than expected. These will be completed if and when required, either as a result of damage, or periodic asset improvements resulting from inspections.

HAZARD MANAGEMENT

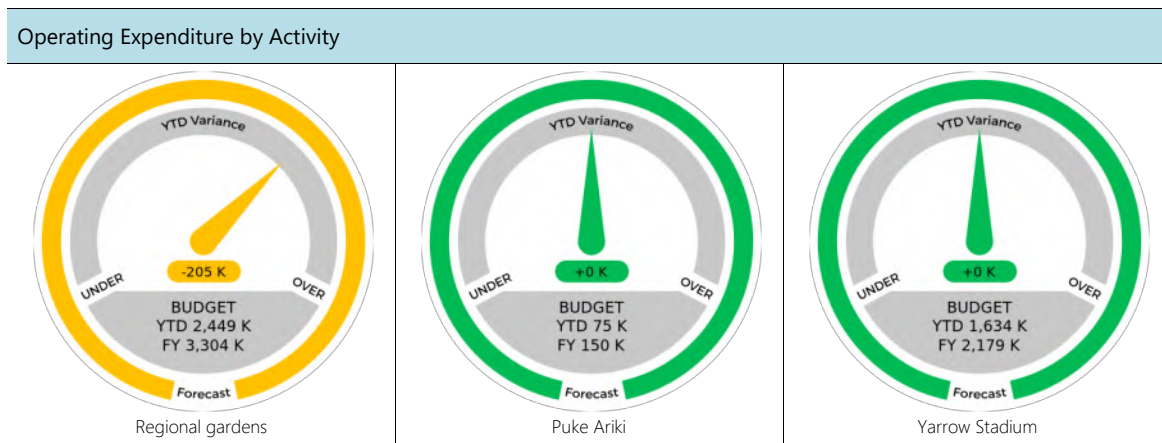
Cost of services statement

| HAZARD MANAGEMENT | | | | | | | |
|--|---------------|---------------|----------------|----------------|----------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Civil defence emergency management | 42,756 | 40,800 | -1,956 | 384,803 | 367,200 | -17,603 | 489,600 |
| Flood management and general river control | 22,462 | 25,767 | 3,305 | 212,202 | 242,995 | 30,793 | 327,965 |
| River control schemes | 10,505 | 19,577 | 9,072 | 79,883 | 189,965 | 110,082 | 279,558 |
| Total expenditure | 75,723 | 86,144 | 10,421 | 676,888 | 800,160 | 123,272 | 1,097,123 |
| Income | | | | | | | |
| General rates | 45,875 | 45,875 | 0 | 153,976 | 153,976 | - | 249,385 |
| Targeted rates | 0 | 0 | 0 | 569,728 | 569,730 | -2 | 759,637 |
| Direct charges | 29 | 0 | 29 | 609 | 0 | 609 | 0 |
| Government grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from reserves | 17,235 | 0 | 17,235 | 74,308 | 0 | 74,308 | 0 |
| Transfer to reserves | 0 | 0 | 0 | -500,733 | 0 | -500,733 | -52,536 |
| Investment funds | 12,584 | 40,269 | -27,685 | 437,707 | 135,161 | 302,546 | 218,909 |
| Total income | 75,723 | 86,144 | -10,421 | 735,595 | 858,867 | -123,272 | 1,175,395 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 58,707 | 58,707 | 0 | 78,272 |

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 | \$9.2K over budget ↓ | \$4.4M | \$205.1K over budget ↓ |
| Against a YTD budget of 0.2M and a full year budget of 0.2M. | | Against a YTD budget of 4.2M and a full year budget of 5.6M. | |



| 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 on budget. Material activity variances (> or < than \$100,000) are:

Regional Gardens – over budget by \$205,068 due to higher repair costs across all gardens and the impact of higher overhead expenses than planned.

RECREATION, CULTURE AND HERITAGE

Cost of services statement

| RECREATION CULTURE AND HERITAGE | | | | | | | |
|------------------------------------|----------------|----------------|----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Regional gardens | 319,987 | 261,931 | -58,056 | 2,654,373 | 2,449,305 | -205,068 | 3,304,489 |
| Puke Ariki | 0 | 0 | 0 | 75,000 | 75,000 | 0 | 150,000 |
| Yarrow Stadium | 0 | 0 | 0 | 1,634,002 | 1,634,001 | -1 | 2,178,669 |
| Total expenditure | 319,987 | 261,931 | -58,056 | 4,363,374 | 4,158,306 | -205,068 | 5,633,158 |
| Income | | | | | | | |
| General rates | 129,947 | 129,947 | 0 | 1,258,419 | 1,258,419 | 0 | 1,725,161 |
| Targeted rates | 0 | 0 | 0 | 1,633,983 | 1,634,001 | -18 | 2,178,669 |
| Direct charges | 11,208 | 17,917 | -6,709 | 170,500 | 161,253 | 9,247 | 214,995 |
| Investment funds | 178,832 | 114,067 | 64,765 | 1,300,472 | 1,104,633 | 195,839 | 1,514,333 |
| Total income | 319,987 | 261,931 | 58,056 | 4,363,374 | 4,158,306 | 205,068 | 5,633,158 |
| 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 | \$33.1K over budget ↑ | \$1.7M | \$126.1K over budget ↓ |
| Against a YTD budget of 0.0M and a full year budget of 0.1M. | | Against a YTD budget of 1.6M and a full year budget of 2.1M. | |

| 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. There are no material activity variances (> or < than \$100,000).

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

| REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT | | | | | | | |
|---|----------------|----------------|----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Investment management | 0 | 500 | 500 | 41,292 | 4,500 | -36,792 | 6,000 |
| Community engagement | 48,778 | 43,797 | -4,981 | 423,530 | 408,342 | -15,188 | 552,938 |
| Advocacy and response | 54,856 | 32,409 | -22,447 | 296,661 | 304,823 | 8,162 | 412,402 |
| Governance | 89,166 | 81,253 | -7,913 | 965,098 | 882,799 | -82,299 | 1,157,048 |
| Total expenditure | 192,800 | 157,959 | -34,841 | 1,726,581 | 1,600,464 | -126,117 | 2,128,388 |
| Income | | | | | | | |
| General rates | 81,546 | 81,546 | 0 | 829,149 | 829,149 | 0 | 1,102,565 |
| Direct charges | 67,955 | 4,833 | 63,122 | 76,642 | 43,497 | 33,145 | 58,000 |
| Investment funds | 43,298 | 71,580 | -28,282 | 820,790 | 727,818 | 92,972 | 967,823 |
| Total income | 192,800 | 157,959 | 34,841 | 1,726,581 | 1,600,464 | 126,117 | 2,128,388 |
| 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 \$ | 2022/2023 Estimates \$ | 2021/2022 Annual Report \$ |
|--------------------------------------|------------------------|---------------------------|-------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 11,631,044 | 427,054 | 5,361,260 |
| Current portion of investments | 22,290,102 | - | 26,265,052 |
| Trade and other receivables | 2,805,071 | 2,040,000 | 5,289,916 |
| Inventories | 286,006 | 153,000 | 286,006 |
| Prepayments | 479,830 | 102,000 | 283,282 |
| Work in progress | 825,178 | 408,000 | 223,182 |
| Total current assets | 38,317,231 | 3,130,054 | 37,708,698 |
| Non-current assets | | | |
| Treasury investments | 487,500 | 14,895,467 | 362,500 |
| 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 | 23,500,000 | 30,000,000 | 14,500,000 |
| Investment properties | 22,054,000 | 19,559,000 | 22,054,000 |
| Intangible assets | 177,920 | 2,124,951 | 348,084 |
| Property plant and equipment | 37,781,721 | 40,486,196 | 35,810,413 |
| Deferred tax asset | 185,656 | 80,499 | 185,656 |
| Total non-current assets | 110,985,916 | 133,945,231 | 100,059,771 |
| Total assets | 149,303,147 | 137,075,285 | 137,768,469 |
| Current liabilities | | | |
| Trade and other payables | 14,174,126 | 5,100,000 | 9,768,148 |
| Work-in-progress | 2,431,445 | 612,000 | 1,342,707 |
| Employee entitlements current | 1,090,880 | 1,173,000 | 1,224,576 |
| Borrowings | - | - | - |
| Total current liabilities | 17,696,451 | 6,885,000 | 12,335,431 |
| Non-current liabilities | | | |
| Employee entitlements term | 336,080 | 575,382 | 336,080 |
| Borrowings | 19,500,000 | 30,000,000 | 14,500,000 |
| Total non-current liabilities | 19,836,080 | 30,575,382 | 14,836,080 |
| Total liabilities | 37,532,531 | 37,460,382 | 27,171,511 |
| Public equity | | | |
| Retained earnings | 73,188,478 | 67,557,209 | 73,129,288 |
| Reserves | 32,567,716 | 26,840,822 | 31,453,248 |
| Asset revaluation reserves | 6,014,422 | 5,216,872 | 6,014,422 |
| Total public equity | 111,770,616 | 99,614,903 | 110,596,958 |
| Total liabilities and equity | 149,303,147 | 137,075,285 | 137,768,469 |

Capital expenditure and disposals

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

| DESCRIPTION | AMOUNT \$ |
|-----------------------------------|-----------|
| Rugged Tablets x3 | 15,911 |
| Aerial Photography Project WIP | 19,077 |
| Tupare Top House Roof Renewal WIP | 13,773 |
| Rainforest Centre Upgrade WIP | 48,980 |

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

| DESCRIPTION | AMOUNT \$ |
|-------------------|-----------|
| Subaru XV | 20,552 |
| Subaru Outback x2 | 65,974 |
| Toyota Rav 4 | 21,074 |

Local Authorities (Members' Interests) Act 1968

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

| CODE | CREDITOR NAME | ADDRESS | DATE ESTABLISHED |
|------|---------------------------------------|---|------------------|
| 4312 | Sam Whiteman T/A Sam Design | 158 Brown Road, RD 42, Waitara | 28-Feb-23 |
| 4314 | Willowbrook Farms Limited | 25 Hamblyn Street, New Plymouth | 7-Mar-23 |
| 4315 | Brothers of Hospo T/A Pikopiko Eatery | 532 Mangorei Road, New Plymouth | 7-Mar-23 |
| 4316 | Michael D Burr Trust | 823 Wingrove Road, RD 23, Stratford | 7-Mar-23 |
| 4317 | Joblin Partners Limited | 8 Anderson Road, RD 18, Eltham | 7-Mar-23 |
| 4318 | CJ Carrick Trust No.1 | 263 Omahina Road, RD 2, Waverley | 7-Mar-23 |
| 4319 | Robins Dairy Farming Limited | 377 Otaraoa Road, RD 43, Waitara | 7-Mar-23 |
| 4320 | Groundstock Limited | 400 Victoria Avenue, Whanganui | 7-Mar-23 |
| 4321 | Kingston Engineering Limited | 29 Bedford Road South, RD 8, Inglewood | 7-Mar-23 |
| 4322 | Pukerangiora Hapu | 217 Te Arei Road West, RD 3, New Plymouth | 7-Mar-23 |
| 4323 | Pukerangiora Hapu Mgmt Committee Inc | 381 Carrington Street, New Plymouth | 7-Mar-23 |
| 4324 | The Soul Project Ltd T/A Soul Kitchen | 2290 Skeet Road, RD 28, Hawera | 7-Mar-23 |
| 4325 | Trail, Lisa | 1297 Mangorei Road, RD 1, New Plymouth | 7-Mar-23 |
| 4326 | Helen Cloke T/A Morph Face Painting | 48 Brecon Road, Stratford | 7-Mar-23 |
| 4327 | Round Door Design | 48 Leslie Street, Waitara | 7-Mar-23 |
| 4329 | Hub Catering Limited | 17 Camberwell Road, Hawera | 16-Mar-23 |
| 4330 | Ara Ake Limited | 8 Young Street, New Plymouth | 16-Mar-23 |
| 4331 | Taranaki Rural Support Trust | C/- BDO NP, 10 Young Street, New Plymouth | 16-Mar-23 |
| 4332 | Millpond Limited | PO Box 342, Christchurch | 16-Mar-23 |
| 4333 | Riverside Farms | 259 Saunders Road, RD 37, New Plymouth | 16-Mar-23 |
| 4334 | Kelro Holdings Limited | PO Box 75, Inglewood | 16-Mar-23 |
| 4335 | Smith-Root Inc | Vancouver, United States | 16-Mar-23 |
| 4336 | Gardiner Partnership | 58 Bishop Road, RD 2, New Plymouth | 17-Mar-23 |
| 4337 | Mendoza Limited T/A Rainforest Eatery | 10 Govett Avenue, New Plymouth | 20-Mar-23 |
| 4338 | The Plant Store | Grasmere, Invercargill | 21-Mar-23 |
| 4339 | Forklift Specialty Hire Ltd | PO Box 99, New Plymouth | 21-Mar-23 |
| 4340 | University of Otago | PO Box 56, Otago | 23-Mar-23 |
| 4341 | Taith Consulting Limited | 144 Cambridge Road, Tauranga | 24-Mar-23 |
| 4342 | Ace Contracting Taranaki Ltd | 209 Carrington Street, New Plymouth | 24-Mar-23 |
| 4343 | Chalmers, Jaki | 7 Shelley Street, Tauranga | 24-Mar-23 |
| 4344 | Incite Ch-ch Ltd | PO Box 25289, Christchurch | 27-Mar-23 |
| 4345 | Cameron, MP & HA | 22 Rutland Road, RD 24, Stratford | 30-Mar-23 |
| 4346 | NZ Institute of Safety Management | PO Box 128532, Remuera, Auckland | 30-Mar-23 |

Executive Audit and Risk Committee - Financial and Operational Report

| | | | |
|------|---|--|-----------|
| 4347 | Adrian Mills T/A Combined Pest | 64 Nowell Road, RD 12, Hawera | 30-Mar-23 |
| 4348 | Quest Invercargill (KIS Investment Ltd) | 10 Dee Street, Invercargill | 31-Mar-23 |
| 4349 | Percy Thomson Trust | C/- Stratford District Council, PO Box 320 | 31-Mar-23 |

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 March 2023 that exceeded the budgeted approved delegated authority levels:

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

Aged debtors analysis

The total debtors outstanding at 31 March 2023 were aged as follows:

| DESCRIPTION | AMOUNT \$ | PERCENT % |
|--------------------------|------------------|------------|
| Current balance | 1,283,958 | 58 |
| 30 days balance | 163,514 | 7 |
| 60 days balance | 8,340 | 0 |
| 90 days and over balance | 744,285 | 34 |
| Total debtors | 2,200,097 | 100 |

Reserves

As at 31 March 2023 the following reserve balances were held:

| DESCRIPTION | AMOUNT \$ |
|---|-------------------|
| Contingency/Disaster Reserve | 1,086,000 |
| North Taranaki/Waitara River Control Scheme Reserve | 1,817,732 |
| South Taranaki Rivers Control Scheme Reserve | 30,014 |
| Dividend Equalisation Reserve | 5,240,945 |
| Egmont National Park Control Reserve | 2,935,000 |
| Endowment Land Sales Reserve | 713,000 |
| Waitara Lands Act 2018 Reserve | 20,745,025 |
| Total reserves | 32,567,716 |

Borrowing

The total LGFA borrowing at 31 March 2023 was as follows:

| MATURITY DATE | AMOUNT \$ | INTEREST RATE % |
|-------------------------|-------------------|-----------------|
| 15/04/2024 | 2,000,000 | 1.4 |
| 15/04/2025 | 1,000,000 | 4.0 |
| 15/04/2025 | 1,500,000 | 5.8 |
| 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 | 5.9 |
| 15/04/2027 | 1,000,000 | 3.8 |
| 15/04/2027 | 1,500,000 | 2.6 |
| 15/05/2028 | 3,000,000 | 5.8 |
| 15/05/2028 | 2,000,000 | 5.8 |
| 20/04/2029 | 2,000,000 | 4.3 |
| Total borrowings | 19,500,000 | 4.3* |

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

Borrowing limits

Council borrowing against policy limits at 31 March 2023 was as follows:

| ITEM | REQUIRED PERFORMANCE | ACTUAL PERFORMANCE |
|----------------------------------|----------------------|--------------------|
| Net Debt/Total Revenue | ≤225% | -32.1% |
| Net Interest/Total Revenue | ≤15% | -0.4% |
| Net Interest/Annual Rates Income | <20% | -1.2% |
| Liquidity | >110% | 276.5% |
| Debt Cap | \$55 million | \$19.5 million |

Bank and investment balances

As at 31 March 2023 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 | 25 | | 8,754,885 | | | 0.3 | On Call |
| Current Account | 2 | | 779,891 | | | 0.1 | On Call |
| Waitara Lands Account | 0 | | 1,564 | | | 0.1 | On Call |
| Waitara Lands Term Investment | 2 | | 547,165 | | | 4.0 | 24/05/2023 |
| Waitara Lands Term Investment | 4 | | 1,410,522 | | | 3.8 | 8/05/2023 |
| Waitara Lands Term Investment | 2 | | 517,893 | | | 4.0 | 30/05/2023 |
| Total BNZ | 35 | 50 | 12,011,918 | 30,000,000 | AA- | | |
| ASB: | | | | | | | |
| Cheque Account | 0 | | 10 | | | 0.0 | On Call |
| Waitara Lands Term Investment | 2 | | 550,363 | | | 5.5 | 30/09/2023 |
| Waitara Lands Term Investment | 6 | | 2,219,972 | | | 4.6 | 7/05/2023 |
| Waitara Lands Term Investment | 4 | | 1,208,471 | | | 4.8 | 9/05/2023 |
| Waitara Lands Term Investment | 13 | | 4,538,707 | | | 5.2 | 30/07/2023 |
| Total ASB | 25 | 50 | 8,517,523 | 30,000,000 | AA- | | |
| Westpac: | | | | | | | |
| Call Account | 6 | | 2,066,866 | | | 0.1 | On Call |
| Waitara Lands Call Account | 0 | | 1,890 | | | 0.1 | On Call |
| Term Investment | 5 | | 1,548,530 | | | 5.4 | 20/09/2023 |
| Waitara Lands Term Investment | 8 | | 2,761,239 | | | 3.3 | 6/04/2023 |
| Waitara Lands Term Investment | 7 | | 2,339,487 | | | 4.7 | 20/07/2023 |
| Waitara Lands Term Investment | 7 | | 2,342,904 | | | 4.5 | 22/06/2023 |
| Total Westpac | 32 | 50 | 11,060,916 | 30,000,000 | AA- | | |
| TSB: | | | | | | | |
| Cheque Accounts | 0 | | 20,839 | | | 0.0 | On Call |
| Call Account | 0 | | 5,100 | | | 0.5 | On Call |
| Waitara Lands Term Investment | 7 | | 2,304,849 | | | 5.0 | 31/07/2023 |
| Total TSB | 7 | 25 | 2,330,788 | 15,000,000 | A- | | |

Executive Audit and Risk Committee - Financial and Operational Report

| | % OF TOTAL | COUNCIL POLICY % LIMITS | INVESTED \$ | COUNCIL POLICY \$ LIMITS | S&P CREDIT RATING | YIELD % | MATURITY DATE |
|---------------------|------------|-------------------------|-------------------|--------------------------|-------------------|------------|---------------|
| | | | | | | | |
| LGFA: | | | | | | | |
| Borrower Notes x 12 | 0 | | 487,500 | | | 0.0 | On Call |
| Total | 100 | | 34,408,646 | | | 4.6 | |

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

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APRIL 2023

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: |
| \$33.7M | \$23.8K over budget ↑ | \$35.5M | \$1.6M over budget ↓ | \$-1.8M | \$1.6M behind budget ↓ |
| Against a YTD budget of \$33.7M and a full year budget of \$46.6M. | | Against a YTD budget of \$33.8M and a full year budget of \$47.5M. | | Against a YTD budget of \$-0.1M and a full year budget of \$-1.0M. | |

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

Commentary and variances

As at 30 April 2023, the overall financial result is behind budget.

The significant growth in staff and Council activities is impacting expenditure levels. This is most evident in corporate services with expenditure running over budget mainly due to increases in legal, information technology and recruitment expenditure. These expenses are impacting all activities as overheads. These expenditure trends will continue through the financial year as we continue to address the significant changes facing the Council.

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.

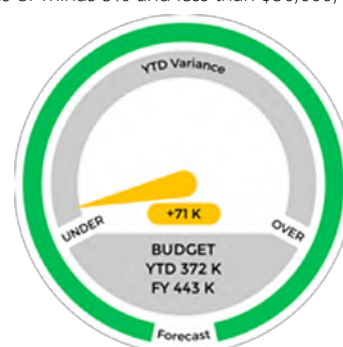
For each Group of Activities:

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 | | | 2022/2023 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Cost of services | | | | | | | |
| Resource management | 1,986,329 | 1,395,309 | -591,020 | 16,198,763 | 14,659,634 | -1,539,129 | 23,726,044 |
| Biosecurity and biodiversity | 762,362 | 402,627 | -359,735 | 5,795,876 | 6,774,469 | 978,593 | 8,012,037 |
| Transport | 537,522 | 516,989 | -20,533 | 5,507,836 | 5,223,039 | -284,797 | 6,407,534 |
| Hazard management | 87,318 | 116,856 | 29,538 | 764,206 | 917,016 | 152,810 | 1,097,123 |
| Recreation culture and heritage | 373,072 | 264,075 | -108,997 | 4,736,446 | 4,422,381 | -314,065 | 5,633,158 |
| Regional representation advocacy and investment management | 264,746 | 159,203 | -105,543 | 1,991,326 | 1,759,667 | -231,659 | 2,128,388 |
| Total operating expenditure | 4,011,348 | 2,855,059 | -1,156,289 | 34,994,453 | 33,756,206 | -1,238,247 | 47,004,286 |
| Revenue from exchange transactions | | | | | | | |
| Direct charges revenue | 369,116 | 320,855 | 48,261 | 4,053,726 | 4,390,327 | -336,601 | 5,048,875 |
| Rent revenue | 113,955 | 110,000 | 3,955 | 1,350,107 | 1,100,000 | 250,107 | 1,260,000 |
| Dividends | 0 | 0 | 0 | 8,000,000 | 8,000,000 | 0 | 8,000,000 |
| Revenue from non-exchange transactions | | | | | | | |
| General rates revenue | 0 | 0 | 0 | 8,851,002 | 8,851,002 | 0 | 11,801,335 |
| Targeted rates revenue | 0 | 0 | 0 | 3,574,340 | 3,574,359 | -20 | 4,765,811 |
| Direct charges revenue | 201,086 | 207,111 | -6,025 | 2,924,646 | 4,846,468 | -1,921,822 | 11,229,886 |
| Government grants | 290,618 | 194,091 | 96,527 | 3,700,548 | 2,691,910 | 1,008,638 | 3,750,071 |
| Vested assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total income | 974,775 | 832,057 | 142,718 | 32,454,369 | 33,454,066 | -999,697 | 45,855,978 |
| Operating surplus/(deficit) before finance income/expenses & taxation | -3,036,573 | -2,023,002 | -1,013,571 | -2,540,084 | -302,140 | -2,237,944 | -1,148,308 |
| Finance income | 304,822 | 16,666 | 288,156 | 1,266,106 | 242,603 | 1,023,503 | 655,659 |
| Finance expense | -202,926 | 0 | 202,926 | -487,040 | -75,943 | 411,097 | -455,659 |
| Net finance expense | 101,895 | 16,666 | 85,229 | 779,066 | 166,660 | 612,406 | 200,000 |
| Operating surplus before taxation | -2,934,677 | -2,006,336 | -928,341 | -1,761,019 | -135,480 | -1,625,539 | -948,308 |
| Other gains/losses | | | | | | | |
| Gains/(losses) on revaluation of properties | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating surplus before taxation | -2,934,677 | -2,006,336 | -928,341 | -1,761,019 | -135,480 | -1,625,539 | -948,308 |
| Income tax expense | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Surplus/(deficit) for the period | -2,934,677 | -2,006,336 | -928,341 | -1,761,019 | -135,480 | -1,625,539 | -958,308 |
| 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) | -2,934,677 | -2,006,336 | -928,341 | -1,761,019 | -135,480 | -1,625,539 | -958,308 |

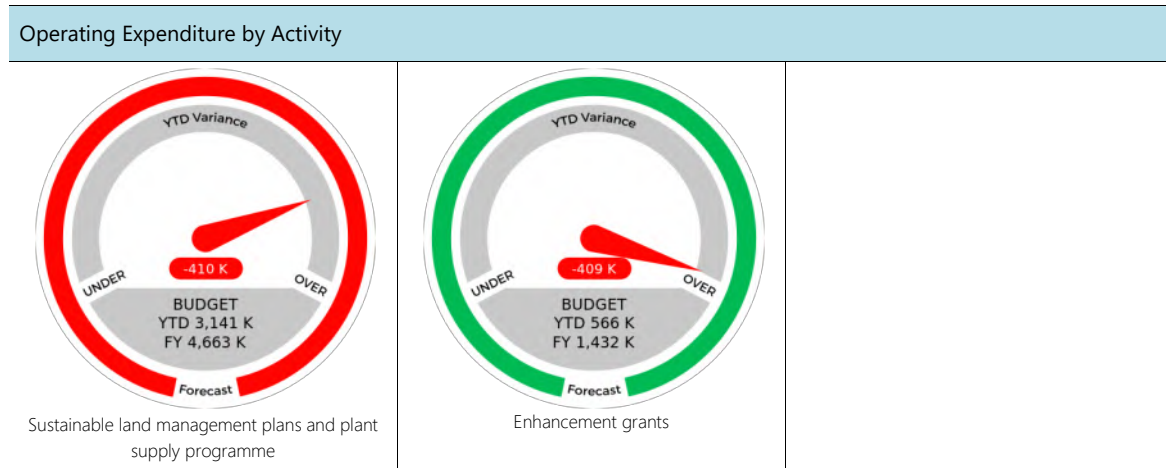
Resource management

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: |
| \$5.9M | \$113.9K under budget ↑ | \$16.2M | \$1.5M over budget ↓ |
| Against a YTD budget of 6.0M and a full year budget of 13.1M. | | Against a YTD budget of 14.7M and a full year budget of 23.7M. | |

| 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 over budget. Material activity variances (> or < than \$100,000) are:

Consent processing and administration - \$346,462 over budget due to the increased workload for resource consents.

Compliance monitoring programmes - \$227,837 over budget due to higher overhead expenses than planned.

Resource investigations and projects - \$106,204 over budget due to current higher share of State of the Environment costs. This will correct by year end.

Sustainable land management plans and plant supply programme - \$409,705 over budget due to higher depreciation and overhead expenses.

Enhancement grants - \$408,695 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year end.

Direct Charges Revenue - \$179,170 under budget due to the timing of revenue across departments, except for Pollution incidents and response revenue which is expected to remain under budget for the remainder of the year.



RESOURCE MANAGEMENT


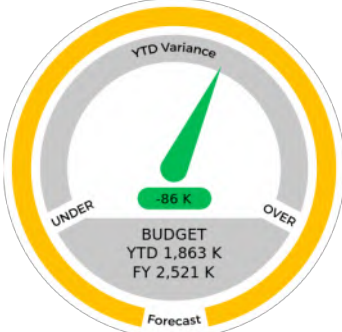
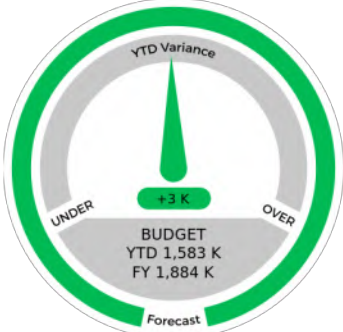
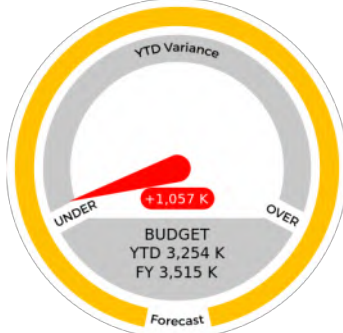
Cost of services statement

| RESOURCE MANAGEMENT | | | | | | | |
|--|------------------|------------------|-----------------|-------------------|-------------------|-------------------|-------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Resource management planning | 128,739 | 108,577 | -20,162 | 1,055,624 | 1,104,251 | 48,627 | 1,347,377 |
| Consent processing and administration | 171,142 | 86,753 | -84,389 | 1,249,365 | 902,903 | -346,462 | 1,103,337 |
| Compliance monitoring programmes | 560,186 | 406,564 | -153,622 | 4,407,966 | 4,180,129 | -227,837 | 5,116,784 |
| Pollution incidents and response | 132,234 | 98,987 | -33,247 | 1,085,352 | 1,013,773 | -71,579 | 1,240,059 |
| State of the environment monitoring | 399,278 | 306,045 | -93,233 | 3,167,069 | 3,149,822 | -17,247 | 3,850,072 |
| Resource investigations and projects | 88,442 | 58,535 | -29,907 | 707,386 | 601,182 | -106,204 | 730,565 |
| Sustainable land management plans and plant supply programme | 458,807 | 276,039 | -182,768 | 3,551,040 | 3,141,335 | -409,705 | 4,662,752 |
| Waitara River catchment | 0 | 0 | 0 | 25 | 0 | -25 | 4,243,213 |
| Enhancement grants | 47,502 | 53,809 | 6,307 | 974,934 | 566,239 | -408,695 | 1,431,885 |
| Total expenditure | 1,986,329 | 1,395,309 | -591,020 | 16,198,763 | 14,659,634 | -1,539,129 | 23,726,044 |
| Income | | | | | | | |
| General rates | 534,976 | 534,976 | 0 | 4,612,434 | 4,612,434 | 0 | 5,682,248 |
| Direct charges | 555,606 | 390,734 | 164,872 | 5,068,267 | 5,247,437 | -179,170 | 12,004,171 |
| Government grants | 0 | 0 | 0 | 816,299 | 751,000 | 65,299 | 1,116,000 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to reserves | -80,149 | 0 | -80,149 | -768,192 | 0 | -768,192 | -75,000 |
| Investment funds | 975,896 | 469,597 | 506,299 | 6,469,955 | 4,048,760 | 2,421,195 | 4,998,626 |
| Total income | 1,986,329 | 1,395,307 | 591,022 | 16,198,763 | 14,659,631 | 1,539,132 | 23,726,045 |
| Operating surplus/(deficit) | 0 | -2 | -2 | 0 | -3 | -3 | 1 |

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: |
| \$1.6M | \$1219.6K under budget  | \$5.8M | \$978.6K under budget  |
| Against a YTD budget of 2.8M and a full year budget of 2.9M. | | Against a YTD budget of 6.8M 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:

Towards Predator Free Taranaki - \$1,056,843 under budget. Planning to utilise some of this underspend to give greater support to landowners later in the year.

Direct Charges - \$1,219,645 under budget mainly due to lower Towards Predator-Free Taranaki expenditure than planned as project funding revenues are not recognised until the costs are incurred.

BIOSECURITY AND BIODIVERSITY

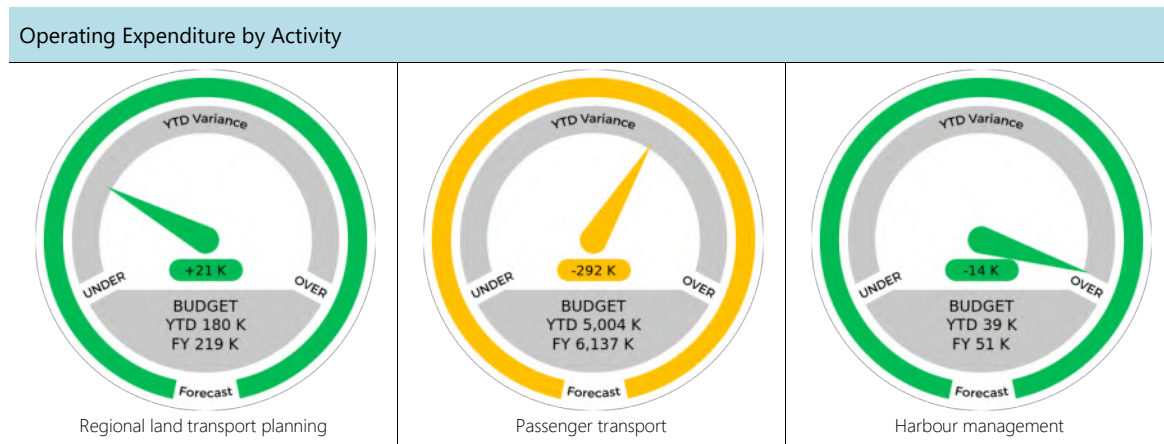
Cost of services statement

| BIOSECURITY AND BIODIVERSITY | | | | | | | |
|---------------------------------------|----------------|----------------|-----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Biosecurity and biodiversity planning | 8,531 | 7,377 | -1,154 | 70,472 | 74,960 | 4,488 | 91,458 |
| Biosecurity/pest management | 274,333 | 199,661 | -74,672 | 1,949,486 | 1,863,279 | -86,207 | 2,521,459 |
| Biodiversity | 193,083 | 125,234 | -67,849 | 1,579,054 | 1,582,522 | 3,468 | 1,884,343 |
| Towards Predator-Free Taranaki | 286,415 | 70,355 | -216,060 | 2,196,865 | 3,253,708 | 1,056,843 | 3,514,777 |
| Total expenditure | 762,362 | 402,627 | -359,735 | 5,795,876 | 6,774,469 | 978,593 | 8,012,037 |
| Income | | | | | | | |
| General rates | 203,942 | 203,942 | 0 | 2,109,265 | 2,109,265 | 0 | 2,614,241 |
| Direct charges | 7,856 | 19,667 | -11,811 | 1,594,063 | 2,813,708 | -1,219,645 | 2,853,037 |
| Transfer from reserves | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 |
| Transfer to reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment funds | 550,564 | 179,018 | 371,546 | 2,092,548 | 1,851,496 | 241,052 | 2,294,757 |
| Total income | 762,362 | 402,627 | 359,735 | 5,795,876 | 6,774,469 | -978,593 | 8,012,035 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | -2 |

Transport

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: |
| \$3.5M | \$617.4K over budget ↑ | \$5.5M | \$284.8K over budget ↓ |
| Against a YTD budget of 2.9M and a full year budget of 3.8M. | | Against a YTD budget of 5.2M and a full year budget of 6.4M. | |



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

Passenger Transport - \$291,741 over budget because of higher bus contract costs due to inflation and extra bus services.

Direct Charges - \$325,932 under budget due to the impact of half price fares.

Government Grants - \$943,339 over budget due to increased claims because of half price fares and higher bus contract costs.

TRANSPORT

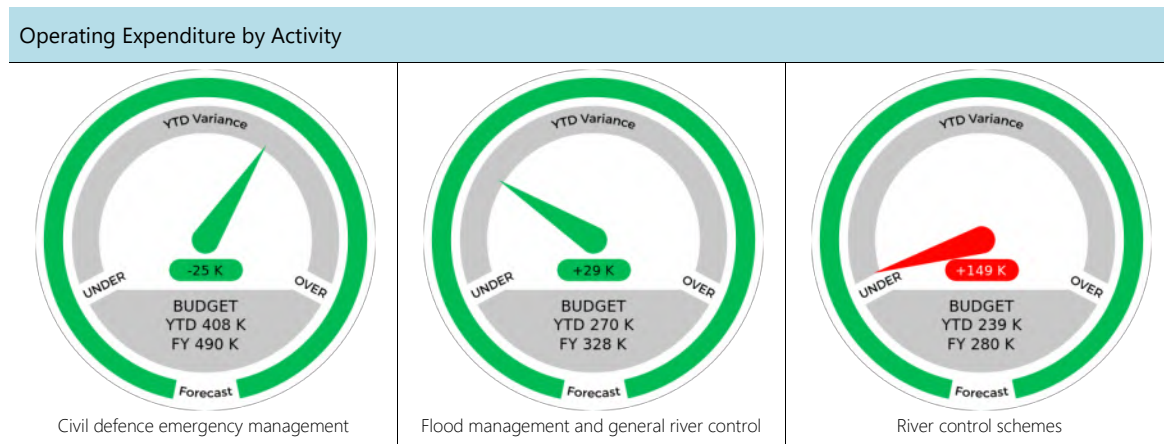
Cost of services statement

| TRANSPORT | | | | | | | |
|------------------------------------|----------------|----------------|----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Regional land transport planning | 34,635 | 17,586 | -17,049 | 159,546 | 180,347 | 20,801 | 219,484 |
| Passenger transport | 502,348 | 498,903 | -3,445 | 5,295,683 | 5,003,942 | -291,741 | 6,137,050 |
| Harbour management | 539 | 500 | -39 | 52,606 | 38,750 | -13,856 | 51,000 |
| Total expenditure | 537,522 | 516,989 | -20,533 | 5,507,836 | 5,223,039 | -284,797 | 6,407,534 |
| Income | | | | | | | |
| General rates | 121,685 | 121,685 | 0 | 515,240 | 515,240 | 0 | 433,062 |
| Targeted rates | 0 | 0 | 0 | 1,370,629 | 1,370,628 | 1 | 1,827,505 |
| Direct charges | 51,308 | 94,399 | -43,091 | 618,058 | 943,990 | -325,932 | 1,132,757 |
| Government grants | 290,618 | 194,091 | 96,527 | 2,884,249 | 1,940,910 | 943,339 | 2,634,071 |
| 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 | 73,910 | 106,814 | -32,904 | 119,660 | 452,271 | -332,611 | 380,139 |
| Total income | 537,522 | 516,989 | 20,533 | 5,507,836 | 5,223,039 | 284,797 | 6,407,534 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Hazard 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: |
| \$0.0M | \$1.5K over budget ↑ | \$0.8M | \$152.8K under budget ↑ |
| Against a YTD budget of 0.0M and a full year budget of 0.0M. | | Against a YTD budget of 0.9M and a full year budget of 1.1M. | |



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

River Control Schemes – under budget by \$148,580 due to lower maintenance costs than expected. These will be completed if and when required, either as a result of damage, or periodic asset improvements resulting from inspections.

HAZARD MANAGEMENT

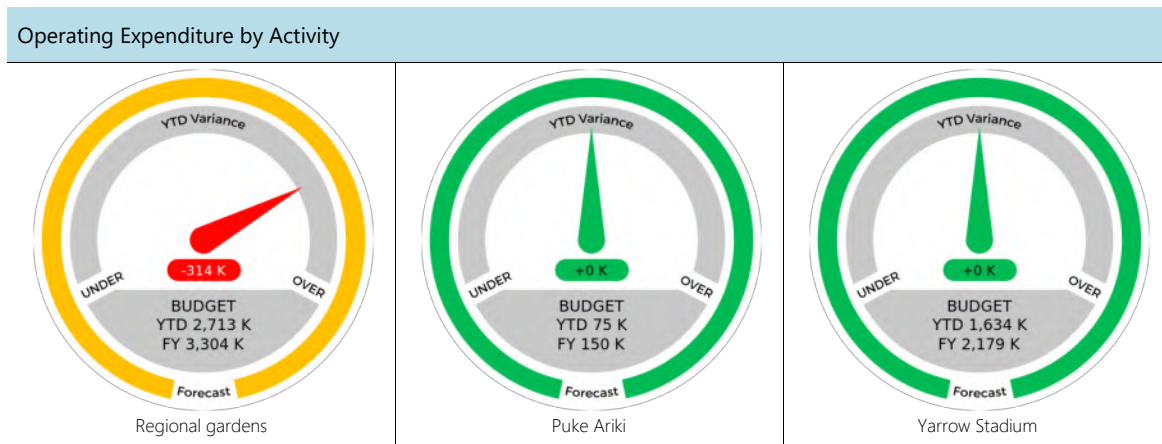
Cost of services statement

| HAZARD MANAGEMENT | | | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Civil defence emergency management | 48,137 | 40,800 | -7,337 | 432,940 | 408,000 | -24,940 | 489,600 |
| Flood management and general river control | 28,721 | 27,098 | -1,623 | 240,923 | 270,093 | 29,170 | 327,965 |
| River control schemes | 10,460 | 48,958 | 38,498 | 90,343 | 238,923 | 148,580 | 279,558 |
| Total expenditure | 87,318 | 116,856 | 29,538 | 764,206 | 917,016 | 152,810 | 1,097,123 |
| Income | | | | | | | |
| General rates | 62,231 | 62,231 | 0 | 216,207 | 216,207 | - | 249,385 |
| Targeted rates | 0 | 0 | 0 | 569,728 | 569,730 | -2 | 759,637 |
| Direct charges | 916 | 0 | 916 | 1,524 | 0 | 1,524 | 0 |
| Government grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from reserves | 18,802 | 0 | 18,802 | 93,110 | 0 | 93,110 | 0 |
| Transfer to reserves | 0 | 0 | 0 | -500,733 | 0 | -500,733 | -52,536 |
| Investment funds | 5,369 | 54,625 | -49,256 | 443,077 | 189,786 | 253,291 | 218,909 |
| Total income | 87,318 | 116,856 | -29,538 | 822,913 | 975,723 | -152,810 | 1,175,395 |
| Operating surplus/(deficit) | 0 | 0 | 0 | 58,707 | 58,707 | 0 | 78,272 |

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 | \$25.6K over budget ↑ | \$4.7M | \$314.1K over budget ↓ |
| Against a YTD budget of 0.2M and a full year budget of 0.2M. | | Against a YTD budget of 4.4M and a full year budget of 5.6M. | |



| 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 over budget. Material activity variances (> or < than \$100,000) are:

Regional Gardens – over budget by \$314,065 due to higher repair costs across all gardens and the impact of higher overhead expenses than planned.

RECREATION, CULTURE AND HERITAGE

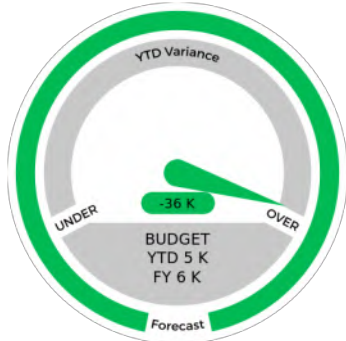
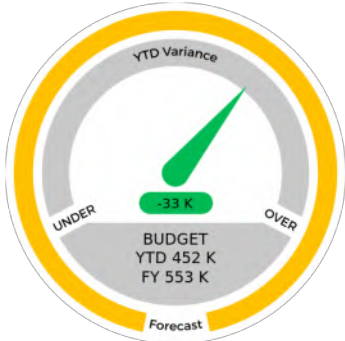
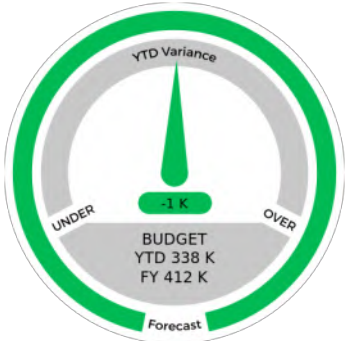
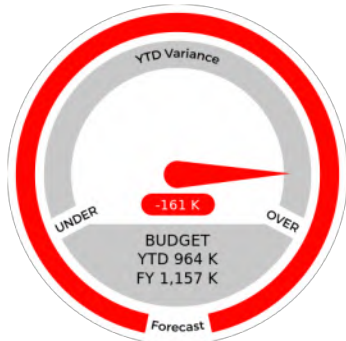
Cost of services statement

| RECREATION CULTURE AND HERITAGE | | | | | | | |
|------------------------------------|----------------|----------------|-----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Regional gardens | 373,072 | 264,075 | -108,997 | 3,027,445 | 2,713,380 | -314,065 | 3,304,489 |
| Puke Ariki | 0 | 0 | 0 | 75,000 | 75,000 | 0 | 150,000 |
| Yarrow Stadium | 0 | 0 | 0 | 1,634,002 | 1,634,001 | -1 | 2,178,669 |
| Total expenditure | 373,072 | 264,075 | -108,997 | 4,736,446 | 4,422,381 | -314,065 | 5,633,158 |
| Income | | | | | | | |
| General rates | 131,089 | 131,089 | 0 | 1,389,508 | 1,389,508 | 0 | 1,725,161 |
| Targeted rates | 0 | 0 | 0 | 1,633,983 | 1,634,001 | -18 | 2,178,669 |
| Direct charges | 34,294 | 17,917 | 16,377 | 204,794 | 179,170 | 25,624 | 214,995 |
| Investment funds | 207,690 | 115,069 | 92,620 | 1,508,162 | 1,219,702 | 288,460 | 1,514,333 |
| Total income | 373,072 | 264,075 | 108,997 | 4,736,446 | 4,422,381 | 314,065 | 5,633,158 |
| 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 | \$28.7K over budget ↓ | \$2.0M | \$231.7K over budget ↓ |
| Against a YTD budget of 0.0M and a full year budget of 0.1M. | | Against a YTD budget of 1.8M and a full year budget of 2.1M. | |

| 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 – over budget by \$161,317 due to the impact of higher costs generally, including election, travel and overheads.

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

| REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT | | | | | | | |
|---|----------------|----------------|-----------------|------------------|------------------|-----------------|------------------|
| | Month | | | Year to date | | | 2022/2023 |
| | Actual \$ | Budget \$ | Variance \$ | Actual \$ | Budget \$ | Variance \$ | Budget \$ |
| Expenditure | | | | | | | |
| Investment management | 0 | 500 | 500 | 41,292 | 5,000 | -36,292 | 6,000 |
| Community engagement | 62,124 | 43,939 | -18,185 | 485,654 | 452,281 | -33,373 | 552,938 |
| Advocacy and response | 41,997 | 33,157 | -8,840 | 338,657 | 337,980 | -677 | 412,402 |
| Governance | 160,625 | 81,607 | -79,018 | 1,125,723 | 964,406 | -161,317 | 1,157,048 |
| Total expenditure | 264,746 | 159,203 | -105,543 | 1,991,326 | 1,759,667 | -231,659 | 2,128,388 |
| Income | | | | | | | |
| General rates | 82,208 | 82,208 | 0 | 911,357 | 911,357 | 0 | 1,102,565 |
| Direct charges | 371 | 4,833 | -4,462 | 77,013 | 48,330 | 28,683 | 58,000 |
| Investment funds | 182,167 | 72,162 | 110,005 | 1,002,956 | 799,980 | 202,976 | 967,823 |
| Total income | 264,746 | 159,203 | 105,543 | 1,991,326 | 1,759,667 | 231,659 | 2,128,388 |
| | | | | | | | |
| 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 \$ | 2022/2023 Estimates \$ | 2021/2022 Annual Report \$ |
|--------------------------------------|------------------------|---------------------------|-------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 4,818,862 | 427,054 | 5,361,260 |
| Current portion of investments | 22,376,953 | - | 26,265,052 |
| Trade and other receivables | 1,982,193 | 2,040,000 | 5,289,916 |
| Inventories | 286,006 | 153,000 | 286,006 |
| Prepayments | 600,594 | 102,000 | 283,282 |
| Work in progress | 823,006 | 408,000 | 223,182 |
| Total current assets | 30,887,614 | 3,130,054 | 37,708,698 |
| Non-current assets | | | |
| Treasury investments | 487,500 | 14,895,467 | 362,500 |
| 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 | 19,500,000 | 30,000,000 | 14,500,000 |
| Investment properties | 22,054,000 | 19,559,000 | 22,054,000 |
| Intangible assets | 159,870 | 2,124,951 | 348,084 |
| Property plant and equipment | 37,901,310 | 40,486,196 | 35,810,413 |
| Deferred tax asset | 185,656 | 80,499 | 185,656 |
| Total non-current assets | 107,087,445 | 133,945,231 | 100,059,771 |
| Total assets | 137,975,069 | 137,075,285 | 137,768,469 |
| Current liabilities | | | |
| Trade and other payables | 5,976,941 | 5,100,000 | 9,768,148 |
| Work-in-progress | 2,203,226 | 612,000 | 1,342,707 |
| Employee entitlements current | 1,122,883 | 1,173,000 | 1,224,576 |
| Borrowings | - | - | - |
| Total current liabilities | 9,303,050 | 6,885,000 | 12,335,431 |
| Non-current liabilities | | | |
| Employee entitlements term | 336,080 | 575,382 | 336,080 |
| Borrowings | 19,500,000 | 30,000,000 | 14,500,000 |
| Total non-current liabilities | 19,836,080 | 30,575,382 | 14,836,080 |
| Total liabilities | 29,139,130 | 37,460,382 | 27,171,511 |
| Public equity | | | |
| Retained earnings | 70,192,454 | 67,557,209 | 73,129,288 |
| Reserves | 32,629,063 | 26,840,822 | 31,453,248 |
| Asset revaluation reserves | 6,014,422 | 5,216,872 | 6,014,422 |
| Total public equity | 108,835,939 | 99,614,903 | 110,596,958 |
| Total liabilities and equity | 137,975,069 | 137,075,285 | 137,768,469 |

Capital expenditure and disposals

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

| DESCRIPTION | AMOUNT \$ |
|--------------------------------|-----------|
| MG Excite | 27,868 |
| Pukeiti Water Tank | 11,689 |
| Ford Ranger x 2 | 105,892 |
| Pukeiti Outer Tracks WIP | 26,409 |
| LiDAR Data Project WIP | 60,840 |
| Aerial Photography Project WIP | 11,989 |

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

| DESCRIPTION | AMOUNT \$ |
|--------------|-----------|
| Toyota Hilux | 33,853 |

Local Authorities (Members' Interests) Act 1968

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

| CODE | CREDITOR NAME | ADDRESS | DATE ESTABLISHED |
|------|---|---------------------------------------|------------------|
| 4351 | i3 Limited | 8 Montrose Place, New Plymouth | 5-Apr-23 |
| 4352 | Oliver Farms Flint Road Limited | 135 Flint Road, RD 24, Stratford | 5-Apr-23 |
| 4353 | OPSEC Solutions Limited | PO Box 11113, Papamoa | 5-Apr-23 |
| 4355 | J L Hutchings & Co Ltd t/a Hutch Consulting | 40 Upper Watt Street, Wellington | 6-Apr-23 |
| 4356 | Creative Jungle Ltd | 30 Birdwood Avenue, New Plymouth | 11-Apr-23 |
| 4357 | Milk and Bean | 49 Orlando Street, Stratford | 11-Apr-23 |
| 4358 | Brett Lye & Steph Portway Lye | 191 Waitara Road, RD42, Waitara | 12-Apr-23 |
| 4359 | Health Management Consultants Ltd | 9 Autere Street, New Plymouth | 13-Apr-23 |
| 4360 | Kahu Glen | 175 Parite Road, RD 3, New Plymouth | 17-Apr-23 |
| 4361 | Airspresso New Plymouth | PO Box 8182, New Plymouth | 17-Apr-23 |
| 4362 | Mill Valley Limited | 5188 Ohura Road, RD 26, Stratford | 17-Apr-23 |
| 4363 | Sirva Group NZ | Private Bag 11905, Auckland | 19-Apr-23 |
| 4364 | One New Zealand Group Ltd | Private Bag 92161, Auckland | 19-Apr-23 |
| 4365 | Seek (NZ) Limited | Level 10, 2 Commerce Street, Auckland | 20-Apr-23 |
| 4366 | Taranaki Maori Trust Board | Po Box 8136, New Plymouth | 21-Apr-23 |
| 4367 | Articulate Global LLC | 244 5th Ave, New York, United States | 24-Apr-23 |
| 4368 | James Winchester Barrister | PO Box 8161, Havelock North | 27-Apr-23 |
| 4369 | Matapaepae Urwin t/a Marae Catering | 61B Cracroft Street, Waitara | 28-Apr-23 |

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 30 April 2023 that exceeded the budgeted approved delegated authority levels:

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

Aged debtors analysis

The total debtors outstanding at 30 April 2023 were aged as follows:

| DESCRIPTION | AMOUNT \$ | PERCENT % |
|--------------------------|-----------|-----------|
| Current balance | 398,393 | 31 |
| 30 days balance | 235,770 | 19 |
| 60 days balance | 106,249 | 8 |
| 90 days and over balance | 525,961 | 42 |
| Total debtors | 1,266,372 | 100 |

Reserves

As at 30 April 2023 the following reserve balances were held:

| DESCRIPTION | AMOUNT \$ |
|---|------------|
| Contingency/Disaster Reserve | 1,086,000 |
| North Taranaki/Waitara River Control Scheme Reserve | 1,805,190 |
| South Taranaki Rivers Control Scheme Reserve | 23,754 |
| Dividend Equalisation Reserve | 5,240,945 |
| Egmont National Park Control Reserve | 2,935,000 |
| Endowment Land Sales Reserve | 713,000 |
| Waitara Lands Act 2018 Reserve | 20,825,174 |
| Total reserves | 32,629,063 |

Borrowing

The total LGFA borrowing at 30 April 2023 was as follows:

| MATURITY DATE | AMOUNT \$ | INTEREST RATE % |
|-------------------------|-------------------|-----------------|
| 15/04/2024 | 2,000,000 | 1.4 |
| 15/04/2025 | 1,000,000 | 4.0 |
| 15/04/2025 | 1,500,000 | 5.8 |
| 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 | 6.3 |
| 15/04/2027 | 1,000,000 | 3.8 |
| 15/04/2027 | 1,500,000 | 2.6 |
| 15/05/2028 | 3,000,000 | 6.2 |
| 15/05/2028 | 2,000,000 | 5.8 |
| 20/04/2029 | 2,000,000 | 4.3 |
| Total borrowings | 19,500,000 | 4.3* |

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

Borrowing limits

Council borrowing against policy limits at 30 April 2023 was as follows:

| ITEM | REQUIRED PERFORMANCE | ACTUAL PERFORMANCE |
|----------------------------------|----------------------|--------------------|
| Net Debt/Total Revenue | ≤225% | -17.6% |
| Net Interest/Total Revenue | ≤15% | -0.4% |
| Net Interest/Annual Rates Income | <20% | -1.2% |
| Liquidity | >110% | 242% |
| Debt Cap | \$55 million | \$19.5 million |

Bank and investment balances

As at 30 April 2023 the following cash, bank and investment balances were held:

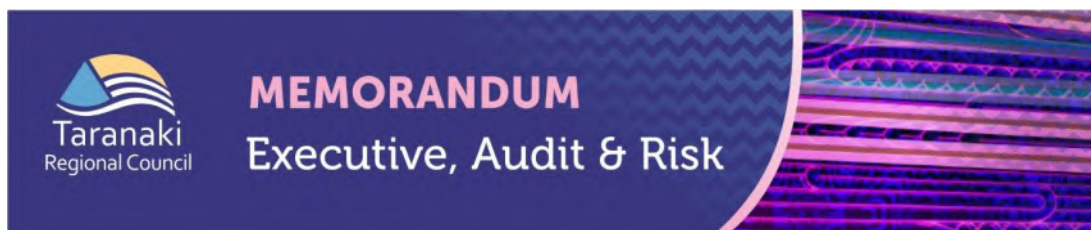
| | % OF TOTAL | COUNCIL POLICY % LIMITS | INVESTED \$ | COUNCIL POLICY \$ LIMITS | S&P CREDIT RATING | YIELD % | MATURITY DATE |
|-------------------------------|------------|-------------------------|------------------|--------------------------|-------------------|---------|---------------|
| BNZ: | | | | | | | |
| Call Account | 15 | | 4,015,357 | | | 0.3 | On Call |
| Current Account | 3 | | 773,872 | | | 0.1 | On Call |
| Waitara Lands Account | 0 | | 1,564 | | | 0.1 | On Call |
| Waitara Lands Term Investment | 2 | | 548,939 | | | 4.0 | 24/05/2023 |
| Waitara Lands Term Investment | 5 | | 1,414,806 | | | 3.8 | 8/05/2023 |
| Waitara Lands Term Investment | 2 | | 519,833 | | | 4.0 | 30/05/2023 |
| Total BNZ | 26 | 50 | 7,274,371 | 30,000,000 | AA- | | |
| | | | | | | | |
| ASB: | | | | | | | |
| Cheque Account | 0 | | 10 | | | 0.0 | On Call |
| Waitara Lands Term Investment | 2 | | 552,863 | | | 5.5 | 30/09/2023 |
| Waitara Lands Term Investment | 8 | | 2,228,269 | | | 4.6 | 7/05/2023 |
| Waitara Lands Term Investment | 4 | | 1,213,113 | | | 4.8 | 9/05/2023 |
| Waitara Lands Term Investment | 16 | | 4,557,941 | | | 5.2 | 30/07/2023 |
| Total ASB | 31 | 50 | 8,552,196 | 30,000,000 | AA- | | |
| | | | | | | | |
| Westpac: | | | | | | | |
| Waitara Lands Account | 0 | | 2,069 | | | 0.1 | On Call |
| Term Investment | 6 | | 1,555,427 | | | 5.4 | 20/09/2023 |
| Waitara Lands Term Investment | 10 | | 2,771,797 | | | 5.0 | 6/10/2023 |
| Waitara Lands Term Investment | 8 | | 2,348,349 | | | 4.7 | 20/07/2023 |
| Waitara Lands Term Investment | 8 | | 2,351,371 | | | 4.5 | 22/06/2023 |
| Total Westpac | 33 | 50 | 9,029,014 | 30,000,000 | AA- | | |
| | | | | | | | |
| TSB: | | | | | | | |
| Cheque Accounts | 0 | | 20,879 | | | 0.0 | On Call |
| Call Account | 0 | | 5,111 | | | 0.5 | On Call |
| Waitara Lands Term Investment | 8 | | 2,314,244 | | | 5.0 | 31/07/2023 |
| Total TSB | 8 | 25 | 2,340,234 | 15,000,000 | A- | | |
| | | | | | | | |

Executive Audit and Risk Committee - Financial and Operational Report

| | % OF TOTAL | COUNCIL POLICY % LIMITS | INVESTED \$ | COUNCIL POLICY \$ LIMITS | S&P CREDIT RATING | YIELD % | MATURITY DATE |
|---------------------|------------|-------------------------|-------------------|--------------------------|-------------------|-------------|---------------|
| LGFA: | | | | | | | |
| Borrower Notes x 12 | 2 | | 487,500 | Unlimited | N/A | 3.1 | Various |
| Total | 100 | | 27,683,315 | | | 4.8* | |

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

www.trc.govt.nz



Date: 19 June 2023

Subject: **Civic Financial Services Ltd: Annual Report 2022**

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

Document: 3177050

Purpose

1. The purpose of this memorandum is to receive and consider Civic Financial Services Ltd's 2022 Annual Report.

Recommendations

That the Taranaki Regional Council:

- a) receives Civic Financial Services Ltd's 2022 Annual Report.

Background

2. The Council holds 1,000 shares in Civic Financial Services Ltd (Civic). This equates to 0.01% of the ownership of the company or \$1,015 of the net assets. The Council's ownership and risk exposure from this investment is immaterial.
3. The Council's Investment Policy notes that annual reports will be considered by the Council. The shares continue to be held as the shares are not readily transferrable.

Discussion

4. Civic provides a range of financial services (mainly insurance and superannuation) to the local government sector. Currently, Civic does not provide insurance products. It earns its money from administration fees for services to RiskPool, the LAPP Disaster Fund, the SuperEasy Superannuation Scheme, and the SuperEasy KiwiSaver Superannuation Scheme.
5. The company had a successful year with a net profit after tax of \$142,232.
6. Given the lack of risk and exposure to this investment it is recommended that the Annual Report be received.

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 3177058: Civic Financial Services Ltd: Annual Report 2022



ANNUAL REPORT 2022

| | |
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DIRECTORS' REPORT**ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Your Directors have pleasure in submitting the 62nd Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2022, which is to be presented at the Annual General Meeting of Members in June 2023.

Directors operate under a Charter which outlines the specific role and responsibilities of the Board. Each Director must be assessed as being fit and proper in accordance with Civic's Fit and Proper Policy and at least two Directors must be independent, being neither a member or an employee of a local authority. The Directors are all subject to Civic's Code of Ethics. The Board has a Risk and Audit Committee which is governed by its own Charter and is responsible for maintaining the Board's risk management processes and policies, including ensuring compliance with regulatory and legal standards.

1. PERFORMANCE

Civic's before-tax profit in 2022 was \$142,232.

This compares unfavourably to the forecasted before-tax surplus of \$243,512 as set out in the 2022 Statement of Intent.

This decreased profit is primarily due to receiving lower than anticipated administration fees from the superannuation schemes as a result of investment market losses over the year.

2. OPERATIONS**Administration Services**

Fees in 2022 from providing services to LAPP, Riskpool, the SuperEasy Superannuation Scheme and the SuperEasy KiwiSaver Superannuation Scheme were \$2,904,682 (2021: \$3,100,598).

Investment Revenue

Income from investments was \$266,148 (2021: \$116,935).

Sponsorship and Support for the Sector

Civic continues as a sponsor of Taituarā – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at a regional and national level.

3. ASSOCIATED ENTITIES**Local Government Superannuation Trustee Limited**

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes.

Both Schemes are administered by Civic and are registered with the Financial Markets Authority. Director appointments to LGST are made by Local Government New Zealand (two), Civic (one), Council of Trade Unions (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The Schemes feature low member charges and simple administration for councils. The Schemes offer an 'Automatic Fund', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older. The SuperEasy website is www.supereasy.co.nz.

The Schemes have a combined membership of over 11,000, with funds under management as at December 2022 of \$496 million (December 2021 \$530 million). Of the councils that have a preferred provider for KiwiSaver, 69 out of 73 (94%) have appointed Civic. The investments of the funds are managed by Harbour Asset Management Limited and ANZ New Zealand Investments Limited.

LAPP Disaster Fund

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. LAPP's website is: www.lappfund.co.nz. Civic is the administration and fund manager for LAPP.

LAPP is currently managing Marlborough District Council's claim that resulted from the severe flood damage that hit the Marlborough region in July 2021. At the time of writing it is unknown how much this claim will be, but it will be well within LAPP's ability to pay, providing the benefit of full cover for all of the flood damaged assets registered with LAPP.

Civic Financial Services Limited

DIRECTORS' REPORT

Riskpool / Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. Riskpool is a mutual liability fund governed by a trust deed and can call on its member councils for financial support. CLP is similar to Riskpool but has no facility for calls. With reducing council support for Riskpool, it became increasingly difficult to offer competitively priced cover and risk management services. Consequently Riskpool/CLP decided to cease providing cover from 1 July 2017 and is now in run-off mode. Riskpool members have been advised that a final call will be made when Riskpool is wound up.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into arm's length, secured loan facility agreements on commercial terms with LGMFT to enable Riskpool to manage its cashflows.

4. DIRECTORS

As at 31 December 2022 there were five directors: John Melville, Jo Miller, Nicola Mills, Basil Morrison, and Craig Stevenson.

Director attendances at Board meetings held in 2022:

| | |
|-----------------|-------|
| John Melville | 6 / 6 |
| Jo Miller | 5 / 6 |
| Nicola Mills | 5 / 6 |
| Basil Morrison | 5 / 6 |
| Craig Stevenson | 6 / 6 |

Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Civic Board.

For the year ended 31 December 2022, Directors' remuneration was:

| | |
|-----------------|------------------|
| John Melville | \$32,319 |
| Jo Miller | \$16,159 |
| Nicola Mills | \$19,968 |
| Basil Morrison | \$16,159 |
| Craig Stevenson | \$16,159 |
| | \$100,764 |

In addition, the following Directors received fees in relation to their directorships of Riskpool or LGST:

| | | |
|-----------------|-------------------|-----------------|
| John Melville | (Riskpool) | \$16,620 |
| Jo Miller | (Riskpool & LGST) | \$11,260 |
| Nicola Mills | (Riskpool) | \$8,010 |
| Basil Morrison | (LGST) | \$13,713 |
| Craig Stevenson | (Riskpool) | \$8,310 |
| | | \$57,913 |

DIRECTORS' REPORT**Interests Register**

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2022 were:

| | |
|-----------------|---|
| John Melville | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT. |
| Jo Miller | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance the LGMFT; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Hutt City Council; Vice President of Taituarā Executive Council; Board Member Hutt Valley Chamber of Commerce. |
| Nicola Mills | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd, a party to agreement for finance with LGMFT, Board Member of Sport Waitakere; General Manager Financial & Business Performance at Auckland Council. |
| Basil Morrison | Chair of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Honorary Consul for Uganda; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA. |
| Craig Stevenson | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT; Member of Local Government Superannuation Scheme and SuperEasy KiwiSaver Superannuation Scheme; Trustee of Ratanui Trust. |

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

Use of Information

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chair the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

Loans to Directors

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

5. EMPLOYEE REMUNERATION

Detailed below is the number of employees who received remuneration of \$100,000 or more in their capacity as employees during the year ended 31 December 2022.

| Remuneration | Number of Employees |
|-----------------------|---------------------|
| \$100,000 – \$110,000 | 1 |
| \$110,000 – \$120,000 | 1 |
| \$150,000 – \$160,000 | 1 |
| \$230,000 – \$240,000 | 1 |

The above remuneration includes Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

Civic Financial Services Limited

DIRECTORS' REPORT

6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Hamish Anton using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

The Risk and Audit Committee comprises the full Board. Nicola Mills was appointed Chair of this committee on 17 June 2022. The Committee met five times in 2022: the Auditor attended two of those meetings and at one of those meetings proceedings took place without management present.

7. DONATIONS

No donations have been made during the year by any Company in the Group (2021: \$0).

8. STAFF

The Directors sincerely thank the staff - Charlie Howe, Glenn Watkin, Ian Brown, Sylvia Jackson, Ivy Liang, Lisa Lummis, Jen McGahan, Chathuri Mendis, Tim Sole and Sue Tong - for their work and support during the year.



John Melville **Chair**
March 2023

DIRECTORS

John Melville (Chair)
Johanna Miller
Nicola Mills
Basil Morrison CNZM JP
Craig Stevenson

EXECUTIVE OFFICERS

Chief Executive : Charlie Howe
Chief Financial Officer : Glenn Watkin

COMPANY REGISTRATION NO: 13271

AUDITORS

The Auditor General, who has appointed Hamish Anton, Deloitte Limited to carry out the audit on his behalf

BANKERS

ANZ Banking Group (New Zealand) Limited

LEGAL ADVISERS

Dentons Kensington Swan

REGISTERED OFFICE

Level 7, Civic Chambers, 116 Lambton Quay, Wellington 6011

POSTAL ADDRESS

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

OTHER CONTACT DETAILS

Telephone: (04) 978 1250
Email: admin@civicfs.co.nz
Website: www.civicfs.co.nz

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)
Participant Number 2000427



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

OPINION

We have audited the consolidated financial statements of the Group on pages 10 to 32, that comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 31 December 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Our audit was completed on 17 March 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements, we comment on other information and we explain our independence.

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITOR'S REPORT

In preparing the consolidated financial statements, the Board of Directors is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

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

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.



INDEPENDENT AUDITOR'S REPORT

INDEPENDENCE

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

Other than in our capacity as the auditor, we have no relationship with, or interests in, the Group.

A handwritten signature in blue ink, appearing to be "Hamish Anton".

Hamish Anton
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Accounts

Civic Financial Services Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--|-----------|--------------------|------------------|
| REVENUE | | | |
| Administration Fees | 17 | 2,904,682 | 3,100,598 |
| Interest Income | 4 | 266,148 | 116,935 |
| Other Income | | 487 | 775 |
| Total Revenue | | 3,171,317 | 3,218,308 |
| EXPENDITURE | | | |
| Audit Fee | 14 | | |
| Statutory Audit of the Financial Statements | | 52,367 | 41,580 |
| Other Fees Paid to Auditors for Assurance Services | | 28,750 | 30,368 |
| Other Fees Paid to Auditors for Entities Administered by Civic | | 72,049 | 62,116 |
| Depreciation | 7 | 20,101 | 18,169 |
| Amortisation | 7 | 68,859 | 12,047 |
| Directors' Remuneration | 3 | 100,764 | 100,901 |
| Interest Expense | | - | 12,264 |
| Other Expenses | 6 | 1,702,942 | 1,617,381 |
| Employee Remuneration | 3 | 954,251 | 797,637 |
| Superannuation Subsidies | | 29,001 | 23,677 |
| Total Expenditure | | 3,029,085 | 2,716,141 |
| Surplus Before Taxation | | 142,232 | 502,167 |
| Taxation Expense | 10 | 1,165,613 | 141,639 |
| TOTAL COMPREHENSIVE SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY | 15 | (1,023,381) | 360,528 |


This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|---|------|-------------------|-------------------|
| SHAREHOLDERS' EQUITY | | | |
| Issued and Paid-Up Ordinary Shares | | | |
| Ordinary Shares fully paid up | 15 | 10,763,506 | 10,763,506 |
| Retained Earnings | 15 | (604,487) | 418,894 |
| TOTAL EQUITY | | 10,159,019 | 11,182,400 |
| Represented By: | | | |
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | | 522,056 | 335,363 |
| Term Deposits | | 4,556,993 | 5,914,564 |
| Accrued Interest Receivable | | 61,354 | 21,349 |
| Sundry Debtors and Prepayments | 12 | 494,001 | 649,448 |
| Loan Receivable | 13 | 3,799,963 | 2,408,002 |
| Total Current Assets | | 9,434,367 | 9,328,726 |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 7 | 42,730 | 46,297 |
| Intangible Assets (Software) | 7 | 91,826 | 158,838 |
| Deferred Tax Asset | 10 | 1,043,193 | 2,208,806 |
| Total Non Current Assets | | 1,177,749 | 2,413,941 |
| TOTAL ASSETS | | 10,612,116 | 11,742,667 |
| CURRENT LIABILITIES | | | |
| Sundry Creditors and Accrued Charges | 12 | 325,568 | 412,593 |
| Accrued Holiday Pay | | 87,863 | 88,752 |
| CLP / Riskpool Admin Fee Reserve | | 39,666 | 52,530 |
| Total Current Liabilities | | 453,097 | 553,875 |
| NON-CURRENT LIABILITIES | | | |
| CLP / Riskpool Admin Fee Reserve | | - | 6,392 |
| Total Non Current Liabilities | | - | 6,392 |
| TOTAL LIABILITIES | | 453,097 | 560,267 |
| EXCESS OF ASSETS OVER LIABILITIES | | 10,159,019 | 11,182,400 |

For and on behalf of the Directors



JOHN MELVILLE Chair 17 March 2023



BASIL MORRISON Director 17 March 2023

This statement is to be read in conjunction with the notes on pages 14 to 32.

Civic Financial Services Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--|------|-------------------|-------------------|
| OPENING EQUITY | | 11,182,400 | 10,821,872 |
| Total Comprehensive Surplus Net of Tax | | (1,023,381) | 360,528 |
| Dividend Payment | | - | - |
| Ordinary Shares issued during the year | 15 | - | - |
| CLOSING EQUITY | | 10,159,019 | 11,182,400 |

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--|-----------|----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Administration Fees Received | | 3,006,916 | 3,028,083 |
| Other Income | | 487 | 775 |
| | | 3,007,403 | 3,028,858 |
| Cash was applied to: | | | |
| Payments to Suppliers and Employees | | 2,919,194 | 2,639,025 |
| | | 2,919,194 | 2,639,025 |
| Net Cash Flow from Operating Activities | 11 | 88,209 | 389,833 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Investment Income | | 74,063 | 45,648 |
| Term Deposits | | 1,864,564 | 85,000 |
| Loans Repaid from Related Parties | | 501,500 | 2,271,655 |
| | | 2,440,127 | 2,402,303 |
| Cash was applied to: | | | |
| Term Deposits | | 506,993 | 1,264,564 |
| Purchase of Property, Plant and Equipment | | 18,637 | 35,738 |
| Loans Issued to Related Parties | | 1,816,013 | 2,026,299 |
| | | 2,341,643 | 3,326,601 |
| Net Cash Flow from / (used in) Investing Activities | | 98,484 | (924,298) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Loan Interest Received | | - | 330 |
| | | - | 330 |
| Cash was applied to: | | | |
| Interest Paid | | - | 12,264 |
| | | - | 12,264 |
| Net Cash Flow (used in) / from Financing Activities | | - | (11,934) |
| Net Increase / (Decrease) in Cash Held | | 186,693 | (546,398) |
| Opening Cash Balance as at 1 January | | 335,363 | 881,761 |
| Closing Cash Balance as at 31 December | | 522,056 | 335,363 |
| Being: | | | |
| Cash & Cash Equivalents | | 522,056 | 335,363 |

This statement is to be read in conjunction with the notes on pages 14 to 32.

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 REPORTING ENTITY

The reporting entity is Civic Financial Services Ltd (the "Company"). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government.

Statement of Compliance

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

NOTE 2 STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars.

Critical Judgements and Estimates in Applying the Accounting Policies

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10).

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

(a) Consolidation of Subsidiaries

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

(b) Investment in Subsidiaries

At 31 December 2022 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand. Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2021 and 31 December 2022.

LGMFTL is the trustee of New Zealand Mutual Liability Riskpool ("Riskpool") and Civic Liability Pool ("CLP"). The Company provides administrative services to Riskpool and CLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 2 STATEMENT OF ACCOUNTING POLICIES CONTINUED**(c) Administration Fees**

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

(d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(e) Basis of Measuring Other Income and Expenses

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

(f) Changes in Accounting Policies

There have been no material changes in the accounting policies during the year. All policies have been applied on a basis consistent with those used in the prior year.

NOTE 3 KEY MANAGEMENT PERSONNEL

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

| | 2022 | 2021 | 2022 | 2021 |
|-------------------------------------|--------|------|----------------|----------------|
| | Number | | \$ | \$ |
| Short term employee benefits | | | | |
| Executive Management Personnel | 4 | 4 | 569,107 | 506,726 |
| Directors | 5 | 5 | 100,764 | 100,901 |
| | | | 669,871 | 607,627 |

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS

Accounting Policies:

i) Classification and Measurement

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

Loans and Receivables

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

Bank and Cash Equivalents

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

Financial Liabilities

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

ii) Offsetting Financial Instruments

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

iii) Asset Quality

Impairment of Financial Assets

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

iv) Fair Value of Financial Instruments

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

v) Derivatives

The Group do not use any derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(1) Income Relating to Financial Assets**

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Loans | | |
| Interest Received – Loans | 152,081 | 65,334 |
| Cash & Cash Equivalents | | |
| Interest Received – Short Term Deposits | 114,067 | 51,601 |
| Total Interest Income | 266,148 | 116,935 |

(2) Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(2) Financial Assets and Liabilities** continued*Carrying value of Financial Assets and Financial Liabilities*

| | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| Financial Asset: Loans and Receivables | | |
| Sundry Debtors | 416,660 | 537,894 |
| Loans | 3,799,963 | 2,408,002 |
| Total Loans and Receivables | 4,216,623 | 2,945,896 |
| Financial Asset: Amortised Cost | | |
| Cash & Cash Equivalents | 522,056 | 335,363 |
| Term Deposits | 4,556,993 | 5,914,564 |
| Total Financial Assets: Amortised Cost | 5,079,049 | 6,249,927 |
| Financial Liability: Amortised Cost | | |
| Sundry Creditors & Accrued Charges | 325,568 | 412,593 |
| Total Financial Liabilities: Amortised Cost | 325,568 | 412,593 |

(3) Financial Risk – Structure and Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash, debtors and interest bearing deposits. The Group has no debt liability instruments.

Apart from security against Riskpool's future contributions, the Group does not require collateral or other security to support financial instruments with credit risk. As such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

(a) Market Risk

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

(b) Carrying Amount and Fair Value

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(3) Financial Risk – Structure and Management** continued**(c) Liquidity Risk**

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

| Maturity Analysis as at 31 December 2022 | | | | | | |
|---|---------------------------------------|-----------------------------------|----------------------------------|--------------------------------|--------------------------------|---------------------|
| | Interest Rate Spread % | Within 6 months \$ | 6 to 12 months \$ | 1 to 2 years \$ | 2 to 5 years \$ | Total \$ |
| Assets | | | | | | |
| Cash & Cash Equivalents | 0% to 2.85% | 522,056 | - | - | - | 522,056 |
| Term Deposits & Accrued Interest | 2.5% to 5.05% | 4,618,347 | - | - | - | 4,618,347 |
| Other Receivables | n/a | 416,660 | - | - | - | 416,660 |
| Loans | 3.47% to 6.53% | 3,799,963 | - | - | - | 3,799,963 |
| Total Financial Assets | | 9,357,026 | - | - | - | 9,357,026 |
| Liabilities | | | | | | |
| Sundry Creditors & Accrued Expenses | n/a | 325,568 | - | - | - | 325,568 |
| Total Financial Liabilities | | 325,568 | - | - | - | 325,568 |
| Maturity Analysis as at 31 December 2021 | | | | | | |
| | Interest Rate Spread % | Within 6 months \$ | 6 to 12 months \$ | 1 to 2 years \$ | 2 to 5 years \$ | Total \$ |
| Assets | | | | | | |
| Cash & Cash Equivalents | 0% to 0.15% | 335,363 | - | - | - | 335,363 |
| Term Deposits & Accrued Interest | 0.8% to 1.7% | 3,732,341 | 2,203,572 | - | - | 5,935,913 |
| Other Receivables | n/a | 537,894 | - | - | - | 537,894 |
| Loans | 2.93% to 3.28% | 2,408,002 | - | - | - | 2,408,002 |
| Total Financial Assets | | 7,013,600 | 2,203,572 | - | - | 9,217,172 |
| Liabilities | | | | | | |
| Sundry Creditors & Accrued Expenses | n/a | 412,593 | - | - | - | 412,593 |
| Total Financial Liabilities | | 412,593 | - | - | - | 412,593 |

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(3) Financial Risk – Structure and Management** continued**(d) Credit Risk**

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

(i) Exposure to Credit Risk

| | 2022 \$ | 2021 \$ |
|----------------------------------|------------------|------------------|
| Cash & Cash Equivalents | 522,056 | 335,363 |
| Term Deposits & Accrued Interest | 4,618,347 | 5,935,913 |
| Other Receivables | 416,660 | 537,894 |
| Loans | 3,799,963 | 2,408,002 |
| Total | 9,357,026 | 9,217,172 |

(ii) Concentration of Credit Exposure

94% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool.

NOTE 5 OPERATING LEASE COMMITMENTS

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Operating Lease Expense Commitments: | | |
| not later than one year | 71,733 | 70,763 |
| later than one year but not later than five years | 115,482 | 184,629 |
| later than five years | - | - |
| | 187,215 | 255,392 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 6 OTHER EXPENSES

| | 2022 \$ | 2021 \$ |
|------------------|------------------|------------------|
| Compliance Costs | 176,876 | 77,324 |
| Consultants | 134,789 | 115,200 |
| Legal Fees | 58,142 | 109,289 |
| Other Expenses | 1,333,136 | 1,315,568 |
| Total | 1,702,942 | 1,617,381 |

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**Accounting Policy:**

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

| Depreciation Rates | |
|--------------------------------|----------------|
| Office Furniture and Equipment | up to 17 years |
| Intangibles – Software | 2.5 years |

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| (a) Property, Plant and Equipment | | |
| Office Furniture and Equipment – cost | 175,510 | 139,772 |
| Plus Additions | 16,789 | 35,738 |
| Less Disposals | (7,779) | - |
| Closing Value – cost | 184,520 | 175,510 |
| Office Furniture and Equipment – Accumulated Depreciation | (129,213) | (111,044) |
| Less Depreciation Charge | (20,101) | (18,169) |
| Less Disposals | 7,524 | - |
| Closing Accumulated Depreciation | (141,790) | (129,213) |
| Net Book Value | 42,730 | 46,297 |

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes losses on disposal of fixed assets of \$255 (2021: \$nil).

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| (b) Intangible Assets | | |
| Software – cost | 435,064 | 601,403 |
| Plus Additions | 1,847 | - |
| Less Disposals | - | (166,339) |
| Closing Value – cost | 436,911 | 435,064 |
| Software – Accumulated Amortisation | (276,226) | (430,518) |
| Less Amortisation Charge | (68,859) | (12,047) |
| Less Disposals | - | 166,339 |
| Closing Accumulated Amortisation | (345,085) | (276,226) |
| Net Book Value | 91,826 | 158,838 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED

There are no financial assets that are impaired or past due at balance date (2021: \$nil).

NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities (2021: \$nil).

NOTE 10 TAXATION**Accounting Policies:****i) Current Tax**

The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

ii) Deferred Tax

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

Significant judgements, estimates and assumptions are made in respect of the recognition of the deferred tax asset. It is recognised that the deferred tax asset will be utilised over a relatively long time period. The Entity expects to remain profitable and have a steady income stream over the medium to long term, matching its low margin long dated products.

iii) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(a) Income tax recognised in the Statement of Comprehensive Income**

| | 2022 \$ | 2021 \$ |
|--|------------------|----------------|
| Tax expense comprises: | | |
| Current tax expense | 40,265 | - |
| Adjustments recognised in the current year in relation to the current tax of prior years | 86 | - |
| Deferred tax relating to temporary differences | 1,125,262 | 141,639 |
| Total tax expense | 1,165,613 | 141,639 |
| Attributable to: | | |
| Continuing operations | 1,165,613 | 141,639 |
| | 1,165,613 | 141,639 |

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

| | 2022 \$ | 2021 \$ |
|-------------------------------------|------------------|----------------|
| Surplus before tax | 142,232 | 502,167 |
| Income tax calculated at 28% | 39,825 | 140,607 |
| Tax effect of permanent differences | 440 | 1,032 |
| Derecognition of tax losses | 1,125,262 | - |
| Prior Period Adjustment | 86 | - |
| Income Tax Expense | 1,165,613 | 141,639 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(b) Current tax assets and liabilities**

| | 2022 \$ | 2021 \$ |
|-----------------------|------------|------------|
| Tax refund receivable | - | - |
| | - | - |

(c) Deferred tax balances

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Deferred tax assets comprise: | | |
| Temporary differences and tax losses | 1,042,939 | 2,208,172 |
| | 1,042,939 | 2,208,172 |
| Deferred tax liabilities comprise: | | |
| Temporary differences | 255 | 634 |
| | 255 | 634 |
| Net Deferred Tax balance | 1,043,193 | 2,208,806 |

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(c) Deferred tax balances continued**

Gross taxable and deductible temporary differences for the Group arise from the following:

| | Opening Balance \$ | Charged to Income \$ | Charged to Equity \$ | Prior Period Adjustment \$ | Closing Balance \$ | |
|-------------------------|--------------------------|----------------------------|----------------------------|----------------------------------|--------------------------|------------------|
| 2022 | Property and equipment | 2,269 | (1,051) | - | 914 | |
| | | 2,269 | (1,051) | - | 914 | |
| | Employee entitlements | 84,452 | (4,216) | - | 80,236 | |
| | Losses carried forward | 7,801,875 | (4,157,331) | - | 3,644,544 | |
| | | 7,886,328 | (4,161,547) | - | 3,724,781 | |
| | Attributable to: | | | | | |
| | Continuing operations | 7,888,597 | (4,162,598) | - | (304) | 3,725,695 |
| | Total | 7,888,597 | (4,162,598) | - | (304) | 3,725,695 |
| | Tax effect at 28% | 2,208,806 | (1,165,527) | - | (85) | 1,043,193 |
| | 2021 | Property and equipment | 2,987 | (718) | - | 2,269 |
| | | 2,987 | (718) | - | 2,269 | |
| Employee entitlements | | 62,036 | 22,416 | - | - | 84,452 |
| Losses carried forward | | 8,329,428 | (527,552) | - | - | 7,801,875 |
| | | 8,391,464 | (505,136) | - | - | 7,886,328 |
| Attributable to: | | | | | | |
| Continuing operations | | 8,394,451 | (505,854) | - | - | 7,888,597 |
| Total | | 8,394,451 | (505,854) | - | - | 7,888,597 |
| Tax effect at 28% | | 2,350,445 | (141,639) | - | - | 2,208,806 |

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years to utilise these losses (refer Note 20). The deferred tax asset does not include unrecognised tax losses of \$4,091,540 (unrecognised deferred tax asset effect at 28% of \$1,145,631).

(d) Imputation Credit Account

| | 2022 \$ | 2021 \$ |
|------------------------|------------------|------------------|
| Closing Balance | 1,593,490 | 1,593,490 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES**Accounting Policy:**

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.

The following are definitions of the terms used in the Statement of Cash Flows:

- Bank comprises cash on hand and demand deposits.
- Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.
- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES CONTINUED

| | 2022 \$ | 2021 \$ |
|--|---------------|----------------|
| Total Comprehensive Surplus | (1,023,381) | 360,528 |
| Add/(less) non cash items | | |
| Loan Interest | (152,079) | (65,003) |
| Depreciation | 20,101 | 18,169 |
| Amortisation | 68,859 | 12,047 |
| Movement in CLP/ Riskpool Admin Fee Reserve | (19,256) | (19,257) |
| Movement in Deferred Tax Asset | 1,165,613 | 141,639 |
| Net change in fair value of investment property | - | - |
| | 1,083,238 | 87,596 |
| Add/(less) movements in other working capital items | | |
| Sundry Debtors, Prepayments and Accrued Interest | 115,442 | (129,232) |
| Sundry Creditors and Accrued Charges | (87,913) | 104,657 |
| Tax Refund Due | - | - |
| | 27,529 | (24,576) |
| Add/(Less) Items Classified as Investing Activity | (73,809) | (45,979) |
| Add/(Less) Items Classified as Financing Activity | 74,632 | 12,264 |
| Net Cash Flow from Operating Activities | 88,209 | 389,833 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12 SUNDRY DEBTORS AND CREDITORS**(a) Sundry Debtors and Prepayments**

| | 2022 \$ | 2021 \$ |
|---------------------------------------|----------------|----------------|
| Sundry Debtors | 416,658 | 537,894 |
| Prepayments | 77,343 | 109,000 |
| GST Receivable | - | 2,554 |
| Sundry Debtors and Prepayments | 494,001 | 649,448 |

(b) Sundry Creditors and Accrued Charges

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Sundry Creditors and Accrued Charges | 322,630 | 337,961 |
| Related Party Loan Payable to CLP | - | 74,632 |
| GST Payable | 2,938 | - |
| Sundry Creditors and Accrued Charges | 325,568 | 412,593 |

NOTE 13 LOANS**Loan Receivable**

Local Government Mutual Funds Trustee Limited is the trustee of Riskpool and Civic Liability Pool (CLP). The Company provides administrative services to Riskpool and CLP.

Related Party Loans Receivable

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Riskpool | 3,799,963 | 2,408,002 |
| Civic Liability Pool | - | - |
| Total Related Party Loans Receivable | 3,799,963 | 2,408,002 |

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of Riskpool were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in 2018 to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provided a loan facility of \$4,000,000, which was repaid in full in August 2019 (and is no longer available). Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The loan outstanding at 31 December 2022 is \$3,779,963 (2021: \$2,408,002). Interest received by the Company relating to the loans for the year to 31 December 2022 was \$152,081 (2021: \$65,334).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2022 is \$nil (2021: \$nil).

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14 AUDIT FEES

A breakdown of the fees paid to the auditors is below:

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Statutory Audit of the Financial Statements | | |
| Civic Financial Services | 52,367 | 41,580 |
| Civic Liability Pool | 18,085 | 17,640 |
| Local Government Superannuation Trustee | 53,964 | 44,476 |
| Total Statutory Audit of the Financial Statements | 124,416 | 103,697 |
| Other Fees Paid to Auditors for Assurance Services | 28,750 | 30,368 |
| Other Fees Paid to Auditors for Tax Compliance | - | - |
| Total Fees Paid to the Auditors | 153,166 | 134,065 |

NOTE 15 SHAREHOLDERS' EQUITY

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2021 there were no shares issued. There were no shares issued during 2022.

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Retained Earnings | | |
| Opening Balance | 418,894 | 58,366 |
| Net Surplus After Taxation | (1,023,381) | 360,528 |
| Dividend Payment | - | - |
| Closing balance | (604,487) | 418,894 |
| Shareholders Capital | | |
| Opening Balance | 10,763,506 | 10,763,506 |
| Ordinary Shares issued during the year | - | - |
| Closing balance | 10,763,506 | 10,763,506 |
| Number of Ordinary Shares Fully Paid | 11,249,364 | 11,249,364 |
| Par Value per Share | \$0.90 | \$0.99 |
| Dividend Payment per Share | \$0.00 | \$0.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS

All shareholder equity is retained to ensure the financial soundness of the Group with cash being retained for cash flow purposes.

NOTE 17 RELATED PARTIES

The Company provided administration services to related parties during the year to NZ Local Authority Protection Programme (LAPP), NZ Mutual Liability Riskpool (Riskpool), Local Government Superannuation Trustee (Trustee of the Local Government Superannuation Scheme (LGSS) and SuperEasy KiwiSaver Superannuation Scheme (SKSS) and Civic Property Pool (CPP). There were no related party transactions with CPP in either of the last two years.

The income derived from the administration services as well as year end accounts receivable are detailed in the table below. Refer to Note 12 and Note 13 for the terms and information relating to loans with related parties.

Administration Fees

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| LGSS & SKSS | 2,425,046 | 2,606,612 |
| LAPP | 305,000 | 304,000 |
| Riskpool | 155,380 | 170,730 |
| Civic Liability Pool | 19,256 | 19,256 |
| Administration Fees from Related Parties | 2,904,682 | 3,100,598 |

Accounts Receivable

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| LGSS & SKSS | 416,355 | 537,516 |
| LAPP | - | 378 |
| Accounts Receivable from Related Parties | 416,355 | 537,894 |

Civic Financial Services Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 18 SUBSEQUENT EVENTS

On 17 March 2023 the Company entered into a further loan agreement to Riskpool, on the same terms as the previous agreements, providing a facility up to a maximum of \$2,500,000. This is considered a non-adjusting event.

There have been no other material events subsequent to 31 December 2022 that require adjustment to or disclosure in the financial statements.

NOTE 19 CAPITAL COMMITMENTS

The Company has no capital commitments at balance date (2021: \$nil).

NOTE 20 GOING CONCERN

The financial statements have been prepared on a going concern basis.

The profitability of financial services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.

CIVIC FINANCIAL SERVICES SHAREHOLDERS AS AT 31 DECEMBER 2022

| SHAREHOLDER MEMBER | NO. OF SHARES | | SHAREHOLDER MEMBER | NO. OF SHARES | |
|--------------------------|---------------|--------|-----------------------------------|-------------------|-------|
| CITY COUNCILS | | | DISTRICT COUNCILS (Cont'd) | | |
| Auckland | 2,195,042 | 19.51% | Rangitikei | 35,338 | 0.31% |
| Christchurch | 1,417,704 | 12.60% | Rotorua | 175,906 | 1.56% |
| Dunedin | 470,966 | 4.19% | Ruapehu | 56,666 | 0.50% |
| Hamilton | 202,729 | 1.80% | South Taranaki | 135,496 | 1.20% |
| Hutt | 479,822 | 4.27% | South Waikato | 42,374 | 0.38% |
| Invercargill | 407,927 | 3.63% | South Wairarapa | 53,930 | 0.48% |
| Napier | 283,842 | 2.52% | Southland | 13,715 | 0.12% |
| Nelson | 95,543 | 0.85% | Stratford | 65,608 | 0.58% |
| Palmerston North | 411,737 | 3.66% | Tararua | 99,972 | 0.89% |
| Porirua | 140,146 | 1.25% | Tasman | 65,584 | 0.58% |
| Tauranga | 124,242 | 1.10% | Taupo | 83,971 | 0.75% |
| Upper Hutt | 51,209 | 0.46% | Thames-Coromandel | 27,120 | 0.24% |
| Wellington | 526,821 | 4.68% | Timaru | 230,118 | 2.05% |
| DISTRICT COUNCILS | | | Waikato | 41,070 | 0.37% |
| Ashburton | 56,016 | 0.50% | Waimakariri | 88,172 | 0.78% |
| Buller | 27,698 | 0.25% | Waimate | 30,458 | 0.27% |
| Carterton | 23,642 | 0.21% | Waipa | 149,082 | 1.33% |
| Central Hawke's Bay | 28,580 | 0.25% | Wairoa | 22,992 | 0.20% |
| Central Otago | 91,238 | 0.81% | Waitaki | 120,000 | 1.07% |
| Clutha | 33,711 | 0.30% | Waitomo | 16,940 | 0.15% |
| Far North | 85,440 | 0.76% | Western Bay of Plenty | 28,142 | 0.25% |
| Gisborne | 99,404 | 0.88% | Westland | 28,356 | 0.25% |
| Gore | 54,589 | 0.49% | Whakatane | 38,788 | 0.34% |
| Grey | 33,742 | 0.30% | Whanganui | 289,660 | 2.57% |
| Hastings | 129,170 | 1.15% | Whangarei | 63,524 | 0.56% |
| Hauraki | 63,434 | 0.56% | REGIONAL COUNCILS | | |
| Horowhenua | 110,689 | 0.98% | Bay of Plenty | 55,000 | 0.49% |
| Hurunui | 14,000 | 0.12% | Canterbury | 152,696 | 1.36% |
| Kaikoura | 10,000 | 0.09% | Hawke's Bay | 20,000 | 0.18% |
| Kaipara | 13,629 | 0.12% | Horizons | 2,000 | 0.02% |
| Kapiti Coast | 15,060 | 0.13% | Southland | 10,000 | 0.09% |
| Kawerau | 31,161 | 0.28% | Taranaki | 1,000 | 0.01% |
| Manawatu | 203,964 | 1.81% | Waikato | 22,000 | 0.20% |
| Marlborough | 86,022 | 0.76% | Wellington | 80,127 | 0.71% |
| Masterton | 127,230 | 1.13% | OTHER | | |
| Matamata-Piako | 122,554 | 1.09% | TrustPower | 137,251 | 1.22% |
| New Plymouth | 441,456 | 3.92% | | | |
| Opotiki | 20,000 | 0.18% | | | |
| Otorohanga | 5,000 | 0.04% | | | |
| Queenstown-Lakes | 31,149 | 0.28% | | | |
| Total Shares | | | | 11,249,364 | |



Date: 19 June 2023

Subject: **2022/2023 Annual Report Audit Engagement Letter**

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

Document: 3178107

Purpose

1. The purpose of this memorandum is to receive and consider the Audit Engagement Letter relating to the audit of the *2022/2023 Annual Report*.

Recommendations

That the Taranaki Regional Council:

- a) receives the Audit Engagement Letter for the audit of the *2022/2023 Annual Report*.

Background

2. The Council is commencing the process of preparing, auditing and adopting its *2022/2023 Annual Report*. The Council's auditors (Deloitte) are similarly preparing for the audit of the *Annual Report*.

Discussion

3. Deloitte have prepared an Audit Engagement Letter. As its name suggests, this letter outlines the basis under which the audit is to be undertaken, each parties' responsibilities and the reporting to be undertaken. This is a standard document.
4. Management have had the opportunity to review and comment on the Audit Engagement Letter. There are no issues of concern and, accordingly, it is recommended that the document be received.

Financial considerations—LTP/Annual Plan

5. 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

6. 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

7. 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

8. 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

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

Appendices/Attachments

Document 3178114: Audit Engagement Letter - Taranaki Regional Council 2023



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14 April 2023

The Chairperson and Councillors
Taranaki Regional Council
Private Bag 713
STRATFORD 2392

Dear Councillors

AUDIT ENGAGEMENT LETTER

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Taranaki Regional Council, under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Matt Laing, using the staff and resources of Deloitte Limited, under section 32 and 33 of the Act, to carry out the annual audits of the Taranaki Regional Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the year ending 30 June 2023.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Chairperson and Councillors (“Council”) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit. Typically, those matters will relate to issues of financial management and accountability.

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the Taranaki Regional Council’s financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

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Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards.
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the Taranaki Regional Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible:

- for the preparation of the summary financial statements and summary performance information;
- for making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- for including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the Taranaki Regional Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred - regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. Annex 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.



Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of Taranaki Regional Council:

- present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended;
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement, presents fairly, in all material aspects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Annual Plan.

We are also responsible for forming an independent opinion on whether the performance information of Taranaki Regional Council:

- presents fairly, in all material respects, the performance for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's Annual Plan; and
- the funding impact statement for each group of activities, presents fairly, in all material aspects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Annual Plan.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council and the Regional Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the Regional Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council and the Regional Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

You agree that, for the purpose of providing the services covered by this letter, we may use third parties, wherever located, to store and process information received from you or your agents; provided that such third parties are bound by confidentiality obligations similar to those contained in the Terms. For example, Deloitte uses a cloud services platform (currently Microsoft Azure), to host an integrated suite of audit tools which may be used as part of our engagement with you.

In the delivery of services we may engage other Deloitte Network Firms to assist with certain aspects of this engagement. We will at all times remain responsible for the work undertaken in the delivery of those services to you.

Our independence

It is essential that the audit team and Deloitte Limited remain both economically and attitudinally independent of Taranaki Regional Council (the Regional Council); including being independent of management personnel and members of the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and Deloitte Limited.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and myself or Deloitte Limited.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report. In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically those matters will relate to issues of financial management and accountability. We may also provide other management letters to the Taranaki Regional Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.



Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "M. Laing". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Matt Laing
Partner
for Deloitte Limited
On behalf of the Auditor-General



Client Acceptance

I have the required authority on behalf of Taranaki Regional Council. I confirm and accept the engagement of Deloitte Limited to provide the Services on the terms and conditions set out in this engagement letter dated 14 April 2023 and the Master Terms of Business.

(Signature)

(Name)

(Position)

(Date)

Annex 1 – Respective specific responsibilities of the Council and the Appointed Auditor

| Responsibilities for the financial statements and performance information | |
|---|--|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p> | <p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> - present fairly, in all material respects: <ul style="list-style-type: none"> - the financial position as at 30 June 2023; and - the financial performance and cash flows for the year then ended; - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. - the funding impact statement, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Annual Plan; <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> - presents fairly, in all material respects, the performance for the year ended 30 June 2023, including: <ul style="list-style-type: none"> - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and - the reasons for any significant variation between the levels of service achieved and the intended levels of service. - complies with generally accepted accounting practice in New Zealand; and - the statement about capital expenditure for each group of activities, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's Annual Plan; and - the funding impact statement for each group of activities, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Annual Plan. |

| | |
|--|--|
| | <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> - the appropriateness of accounting policies used and whether they have been consistently applied; - the reasonableness of the significant accounting estimates and judgements made by those charged with governance; - the appropriateness of the content and measures in any performance information; - the adequacy of the disclosures in the financial statements and performance information; and - the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> - the adoption of the going concern basis of accounting is appropriate; - all material transactions have been recorded and are reflected in the financial statements and performance information; - all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and - uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> |
|--|--|

| | |
|--|--|
| | <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p> |
|--|--|

| Responsibilities for the accounting records | |
|--|---|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> - correctly record and explain the transactions of the public entity; - enable you to monitor the resources, activities, and entities under your control; - enable the public entity's financial position to be determined with reasonable accuracy at any time; - enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and - are in keeping with the requirements of the Commissioner of Inland Revenue. | <p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p> |

| Responsibilities for accounting and internal control systems | |
|---|---|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and - where applicable - performance information reporting.</p> | <p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p> |

| Responsibilities for preventing and detecting fraud and error | |
|---|---|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Taranaki Regional Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p> | <p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> - obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and - report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p> |

| Responsibilities for compliance with laws and regulations | |
|---|---|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.</p> | <p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> - the relevance of the law or regulation to the audit; - our assessment of the risk of non-compliance; - the impact of non-compliance for the addressee of the audit report <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We</p> |

| | |
|--|--|
| | <p>will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p> |
|--|--|

| Responsibilities to establish and maintain appropriate standards of conduct and personal integrity | |
|--|--|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p> | <p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p> |

| Responsibilities for conflicts of interest and related parties | |
|--|---|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p> | <p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p> |



| Responsibilities for publishing the audited financial statements on a website | |
|---|---|
| <i>Responsibilities of the Council</i> | <i>Responsibilities of the Appointed Auditor</i> |
| <p>You are responsible for the electronic presentation of the financial statements and performance information on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p> | <p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p> |



Annex 2 – Health and safety of audit staff

The Auditor-General and Audit Service Providers take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



Date: 19 June 2023

Subject: **2022/2023 Audit Planning Report**

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

Document: 3178152

Purpose

1. The purpose of this memorandum is to receive and consider the Audit Planning Report relating to the audit of the *2022/2023 Annual Report*.

Recommendations

That the Taranaki Regional Council:

- a) receives the Audit Planning Report relating to the audit of the *2022/2023 Annual Report*.

Background

2. The Council is commencing the process of preparing, auditing and adopting its *2022/2023 Annual Report*. The Council's auditors (Deloitte) are, similarly preparing for the audit of the *Annual Report*.

Discussion

3. Deloitte have prepared a Planning Report for the audit of the *2022/2023 Annual Report*. As its name suggests, this report outlines the planning matters that the auditors have identified in preparing for the audit. This year's key areas for audit focus, over and above the normal focus on operational and financial performance are valuation of assets, management override of controls, revenue recognition, Yarrow Stadium project, Government reviews and proposals, public sector specific procedures, ESG (environmental, social and governance) reporting, climate change, the 2023 flooding events and the statements of service performance (performance management framework).
4. Other planning matters, such as materiality and audit risk, have also been documented.
5. Management have had the opportunity to review and comment on the Planning Report. There are no issues of concern and, accordingly, it is recommended that the document be received.

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.

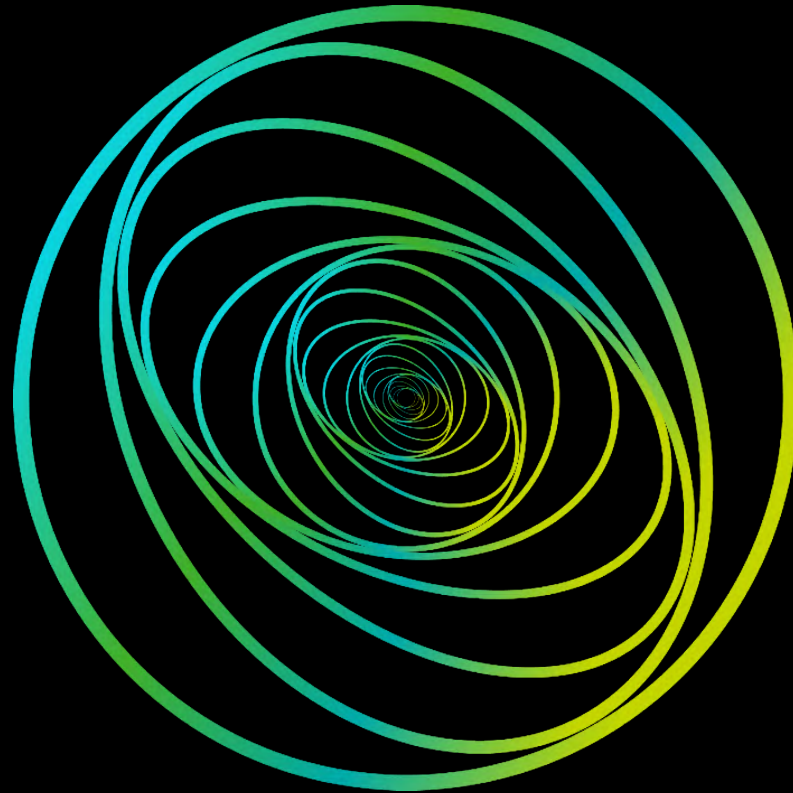
Legal considerations

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

Appendices/Attachments

Document 3178143: Audit Planning Report - Taranaki Regional Council 2023

Deloitte.



Taranaki Regional Council and Group

**Planning report to the Executive, Audit and
Risk Committee
2023 audit**

2 June 2023

Purpose of report

This report has been prepared for Taranaki Regional Council's Executive, Audit and Risk Committee (the 'Committee') and is part of our ongoing discussions as auditor in accordance with our engagement letter dated 14 April 2023 and as required by auditing standards issued by the Auditor-General that incorporate New Zealand auditing standards.

This plan is intended for the Committee (and other Councillors) and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report covers the matters for the Taranaki Regional Council (the 'Council') and Taranaki Stadium Trust ('the Trust'). A separate audit plan has been presented to the Board of Directors of Port Taranaki Limited.

This report includes only those matters that have come to our attention as a result of performing our audit procedures to date and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements and the performance information rests with the Councillors.

Responsibility statement

We are responsible for conducting an audit of Taranaki Regional Council and its controlled entities (the 'Group') for the year ending 30 June 2023 in accordance with New Zealand auditing standards issued by the Auditor-General that incorporate New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board.

This includes separate opinions on:

- *Taranaki Regional Council and the consolidated Group*
- *Taranaki Stadium Trust*
- *Port Taranaki Limited*

Our audit is performed pursuant to the requirements of the Local Government Act 2002, Public Audit Act 2021, the Crown Entities Act 2004 and the Financial Reporting Act 2013, with the objective of forming and expressing an opinion on the financial statements and performance information that have been prepared by management with the oversight of the Councillors. The audit of the financial statements does not relieve management or the Councillors of their responsibilities.

Our audit is not designed to provide assurance as to the overall effectiveness of the Council's and Group's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.

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- A. Our audit explained
- B. Identifying the areas of audit focus
- C. Areas of audit focus
- D. Continuous communication and reporting
- E. Our team

3. Other reporting matters

- A. Fraud responsibilities and representations
- B. Independence and fees
- C. Prior year unadjusted differences
- D. Prior year omitted disclosures

4. Financial reporting and other developments

- Developments in financial reporting
- Accounting implications of current economic conditions
- RBNZ Guidance on cyber resilience



To navigate within this report, you may click on the icons on the right-hand side of the page

1. Executive summary

Thank you for the opportunity to present our audit plan for the financial statement audit of Taranaki Regional Council and its controlled entities (the 'Group') for the year ending 30 June 2023.

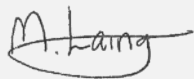
This report is designed to outline our respective responsibilities in relation to the audit, to present our audit plan and to facilitate a two-way discussion on the plan presented. Our report includes:

- Our audit plan, including key areas of audit focus and our planned procedures; and
- Key accounting, regulatory and corporate governance updates, relevant to you.

We have an evolving audit plan that is established with input from management. The audit plan is tailored to the Council's and Group's environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances and findings from activities performed.

This plan is intended for the Executive, Audit and Risk Committee (and other Councillors) and should not be distributed further.

We appreciate the opportunity to serve the Council. We hope the accompanying information will be useful to you, and we look forward to answering your questions about our plan.












Matt Laing
 Partner
 for Deloitte Limited
 Appointed Auditor
 on behalf of the Auditor-General
 Hamilton | 2 June 2023



Key areas of audit focus

Our current assessment of the key areas of audit focus are as follows:

| | |
|---|---|
| Valuation of assets |  |
| Yarrow Stadium project |  |
| Management override of controls |  |
| Revenue recognition |  |
| Government reviews and proposals |  |
| Matters raised by the Office of the Auditor General |  |
| ESG and climate change |  |
| 2023 flooding events |  |
| Statement of Service Performance |  |



Consistent with the prior year



New area of focus

We comment further on these key areas of audit focus in Part 2C of this report.



Items for consideration

We look forward to discussing our audit plan with you and are interested in your views on the following matters:

- Any concerns regarding internal controls, including completeness over related parties;
- Any risk matters, including fraud, affecting the financial statements;
- Your assessment of materiality; and
- Any other matters that should be brought to our attention.



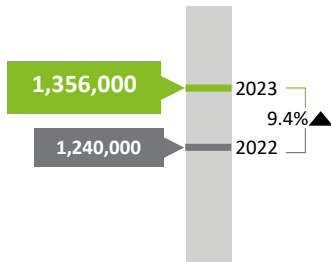
1. Executive summary (cont.)



Planning materiality

Based on expected results of the Council, our quantitative planning materiality for the 2023 audit of the Council is as follows:

The planning materiality was determined based on a percentage of total budgeted expenses and consideration of other factors using our professional judgement.



Based on our planning materiality, we will report to you all misstatements found in excess of \$67,800 for the Council. This is based on 5% of our materiality level. We will report to you misstatements below this threshold if we consider them to be qualitatively material in nature.

We comment further on our determination of the Council’s materiality in Part 2B of this report.



Group audit scoping

Scope

| | |
|--------------------------------|----|
| Port Taranaki Limited ('PTL') | ** |
| Taranaki Stadium Trust ('TST') | # |

** Financially significant, subject to full scope audit.

Significant due to risk, subject to full scope audit.



Quality and Independence

We take our independence and the quality of the audit work we perform very seriously. We confirm that we have maintained our independence in accordance with Professional and Ethical Standards including the Auditor-General standards.

We provide an overview of the relationships and non-audit services provided to you in Section 3B of this report.



Items for consideration

We look forward to discussing our audit plan with you and are interested in your views on the following matters:

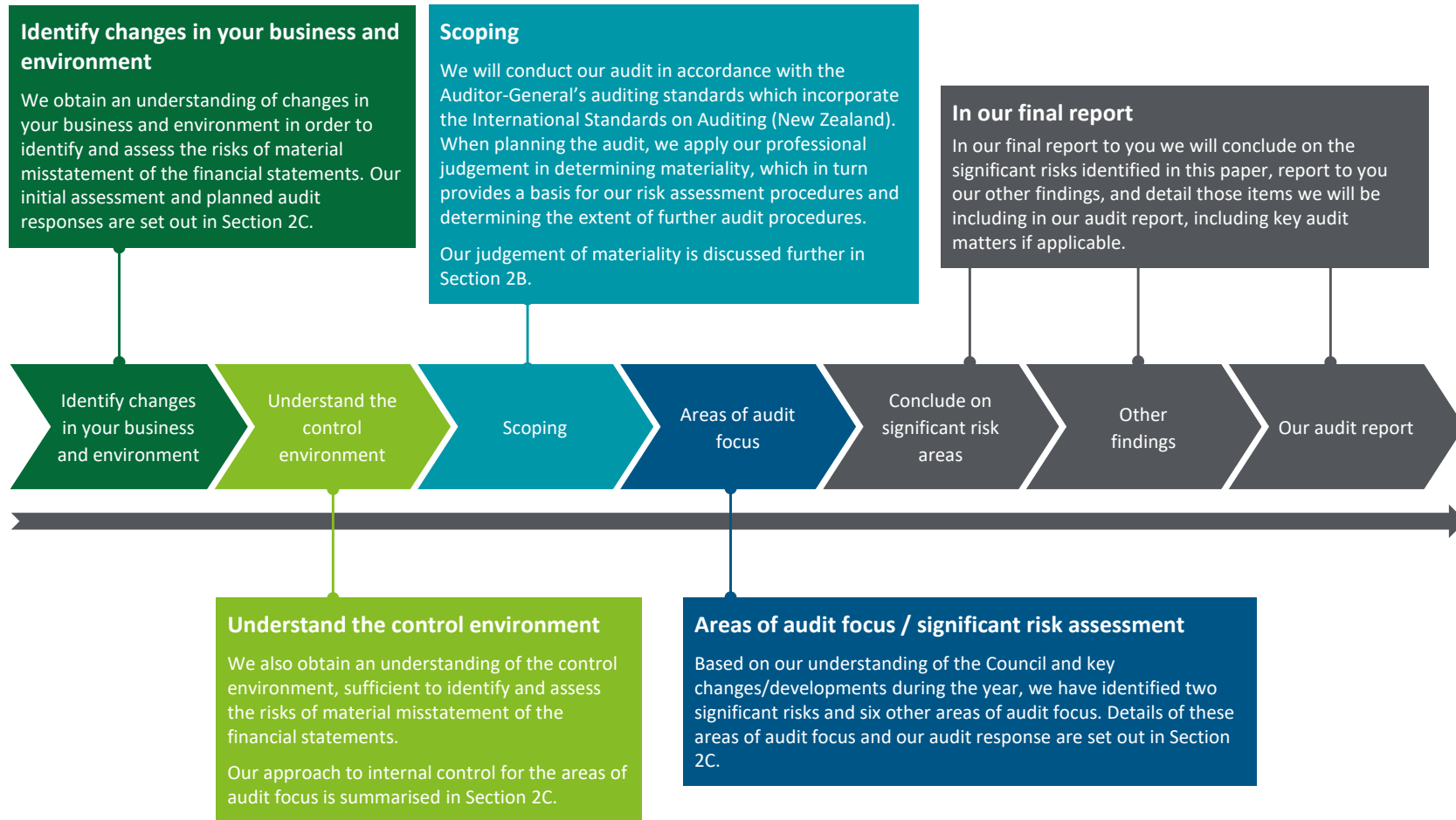
- Any concerns regarding internal controls, including completeness over related parties;
- Any risk matters, including fraud, affecting the financial statements;
- Your assessment of materiality; and
- Any other matters that should be brought to our attention.



2. Our audit



2A. Our audit explained – a tailored approach



2B. Identifying the areas of audit focus

Identification of audit risks

Our audit approach is underpinned by the identification of relevant audit risks and tailoring appropriate audit responses to address those risks. We consider a number of factors when deciding on the significant areas of audit focus, such as:

- the risk assessment process undertaken during the planning phase of our engagement;
- our understanding of the business risks faced by the Council;
- discussions with management during the course of our audit;
- the significant risks and uncertainties previously reported in the financial statements, including any PBE IPSAS 1 critical accounting estimates or judgements;
- our assessment of materiality; and
- any changes in the business and the environment it operates in since the last annual report and financial statements.

The next page summarises the significant risks and other areas that we will focus on during our audit.

We continually update our risk assessment as we perform our audit procedures, so our areas of audit focus may change. We will report to you on any significant changes to our assessment as part of our final report to the Committee.

Determining materiality

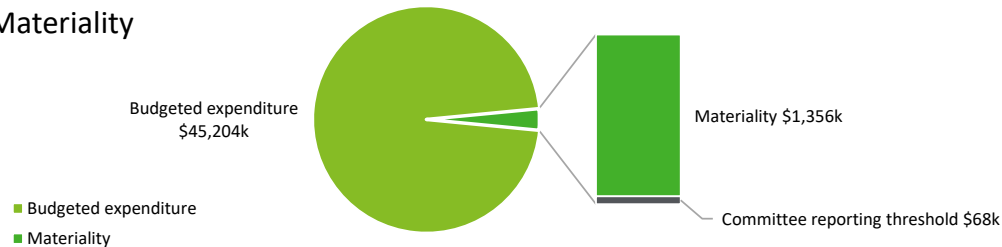
We consider materiality primarily in terms of the magnitude of misstatement in the financial statements that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Our quantitative materiality for the Council in the 2023 audit as shown below is based on expenditure as this is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those statements.

The extent of our procedures is not based on materiality alone but also on local considerations, the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.

Our quantitative materiality for Taranaki Stadium Trust ('TST') and the consolidated Group will be assessed as part of the year end determination based on actual results.

Materiality



Although materiality is the judgement of the audit partner, the Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.



2C. Areas of audit focus - dashboard

| Area of audit focus | Scope | Significant risk | Fraud risk | Planned controls testing approach | Level of management judgement required |
|-----------------------------------|---------|------------------|------------|-----------------------------------|--|
| Valuation of assets | Group | ✓ | ✗ | D+I | ● |
| Yarrow Stadium project | TST | ✗ | ✗ | N/A | ● |
| Management override of controls | Group | ✓ | ✓ | D+I | ● |
| Revenue recognition | Group | ✗ | ✗ | D+I | ● |
| Government reviews and proposals | Group | ✗ | ✗ | N/A | ● |
| Public sector specific procedures | Group | ✗ | ✗ | N/A | ● |
| ESG and climate change | Group | ✗ | ✗ | N/A | ● |
| 2023 flooding events | Group | ✗ | ✗ | N/A | ● |
| Statement of Service Performance | Council | ✗ | ✗ | N/A | ● |

Level of management judgement required

D+I: Testing of the design and implementation of key controls

OE: Testing of the operating effectiveness of key controls

Level of management judgement required



Low

High



2C. Areas of audit focus – Valuation of assets

Valuation of assets

The Council has two asset classes carried at fair value:

- River and flood protection assets
- Investment properties

These two asset classes are revalued annually therefore will be revalued for the year ending 30 June 2023.

For Taranaki Stadium Trust, we understand from management that a valuation will be obtained from the stadium (except for the East Stand that will be valued based on work in progress at cost as the build is currently ongoing).

The valuation of assets can be a complicated process and Management and Council need to ensure that a robust review of the valuation process is performed irrespective of the valuation being performed by an independent expert.

Management and Council will need to work to ensure a robust and timely review of the revaluations is performed which appropriately considers existing market conditions.

Additionally consideration will need to be given to assets carried at fair value within the subsidiaries of the Council to ensure these assets are reflected at fair value at year.

Appropriate adjustments, if any, are made for the different accounting framework under which Port Taranaki Limited financial statements are prepared.

Planned audit response

We plan to:

- Obtain the valuation reports for both asset classes;
- Obtain representation directly from the independent valuer confirming their independence and methodology;
- Review the key underlying assumptions used to ensure these assumptions are reasonable and in line with Public Benefit Entity International Public Sector Accounting Standards; and
- Ensure the revaluation transaction is correctly accounted for and disclosed in the financial statements in order to comply with Public Benefit Entity International Public Sector Accounting Standard; and
- Consider any required adjustments made to account for the different accounting framework under which Port Taranaki Limited financial statements are prepared.



2C. Areas of audit focus – Yarrow Stadium project

Yarrow Stadium Project

Significant progress has been made in the project being undertaken to repair and refurbish Yarrow Stadium with the stadium reopening in September 2022. The project has involved a considerable investment from the stakeholders with an initial budgeted spend of \$50 million which has subsequently increased to \$70 million. Of the budget spend \$30 million is being covered by a Government grant under the 'shovel-ready' economic stimulus package to kick-start work on major projects and the balance by ratepayers.

With the undertaking of this significant project, we will focus our audit effort into the following key areas:

- understanding how the project is managed;
- reviewing the costs incurred to ensure they are appropriately capitalised;
- understanding the ability of the Trust to service the loan with the assistance of the Council funding, and any impact to the going concern assumption; and
- Understand the recognition of the government grant within the entity.



Planned audit response

For assessment of the project, we plan to:

- Gain an understanding of how the project is being managed, what monitoring is in place of actual to budget and how the Trust's governance function oversees this process.
- Test a sample of costs incurred in the project against supporting documentation and ensure that capitalisation of costs are appropriate and in accordance with PBE standards.
- Understand the accounting treatment of the government grant including how this has been recognised in the Council and the Taranaki Stadium Trust financial statements.
- Consider if there are any implications for the Council regarding possible reversal of previous impairments.
- Review disclosures in the financial statements.

We will also consider the status of the project and its impact on the carrying value of the stadium as at 30 June 2023. This assessment includes considering whether the qualification that has been included in the audit report in previous years is still required.



2C. Areas of audit focus – Management override of controls

Management override of controls

ISA (NZ) 240 The auditor’s responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in management’s override of controls.

We are required to design and perform audit procedures to respond to those risks and therefore this is a focus area for our audit.

Management’s override of controls is identified as a fraud risk because it represents those controls in which manipulation of the financial results could occur.

It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.

Planned audit response

We plan to:

- Understand and evaluate the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements.
- Test the appropriateness of a sample of journal entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments.
- Review accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management.
- Perform a retrospective review of management’s judgements and assumptions relating to significant estimates reflected in last year’s financial statements.
- Obtain an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment.



2C. Areas of audit focus – Revenue recognition



Revenue recognition

ISA (NZ) 240 The auditor’s responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in revenue recognition and this is, therefore, a focus area for the audit.

The Council has various revenue streams which need to be considered separately to ensure they are in-line with PBE Standards.

Material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through, for example, premature revenue recognition or recording fictitious revenues. It may also result from an understatement of revenues through, for example, improperly shifting revenues to a later period.

Based on the nature of revenue streams within the Council and the Trust, and the processes and risk factors that exist we plan to rebut the significant risk of fraud associated with revenue recognition.

Failure to comply with rating law and the associated consultation requirements can create risks for rates revenue. Compliance with the detail of the Local Government (Rating) Act 2002 (LGRA) is vital; if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.

Management and Council need to ensure that the requirements of the LGRA are all adhered to and that there is consistency between the rates resolution, the Funding Impact Statement, and the Revenue and Financing Policy in the respective Long Term Plan (LTP) or Annual Plan (AP).

Planned audit response

We will perform the following audit procedures to ensure that revenue recognition is appropriate:

- Understand, evaluate and assess the relevant controls that address the risks of revenue recognition;
- Assess the quality of information produced from the IT system and ensure accuracy and completeness of reports that are used to recognise revenue;
- Complete a ‘rates questionnaire’ compiled by the OAG*, to confirm whether rates have been correctly set; and
- Review the meeting minutes recording the adoption of the rates resolution, to ensure the rates are in accordance with the Revenue and Financing Policy as well as reviewing any other information available with regards to rates;
- Complete analytical procedures by developing expectations based on our knowledge of the sector and key performance measures;
- Complete detailed substantive testing where required; and
- Assess the impact of any changes to revenue recognition policies.

*The completion of the ‘rates questionnaire’ is not a legal exercise but aims to provide us with some indication of the rates setting processes being used by the Council. We remind Council that the overall responsibility for the compliance with regulations rests with the Councillors.



2C. Areas of audit focus – other areas

Area of audit focus

Our approach

Government reviews and proposals

There continues to be change in the sector with new regulatory requirements (new and updated national policy statements) in place or proposed (most notably the three waters reform), and other areas being considered by the Government. This constant change makes it challenging for councils to plan ahead, particularly because of uncertainties of regulatory settings and the significant cost implications of these changes.

As part of our audit process we will remain aware of these initiatives, challenges, and coming events and ensure, where necessary, that these are appropriately considered within our audit approach.

Public Sector Specific Procedures

A number of good practice guides are made available by the OAG on its website at <https://oag.parliament.nz/good-practice>. Good practice involves the establishment of policies and controls to ensure that relevant focus areas have been made transparent and are appropriate in all aspects. Areas specifically raised by the OAG that we will assess include:

1. Policy and procedures in relation to fraud, integrity and ethics
2. Accounting for sensitive expenditure
3. Identifying related party transactions and managing conflicts of interest
4. Legislative compliance

During the course of the audit we will:

- Continue to remain alert to issues and risks related to the effectiveness and efficiency, waste and a lack of probity or financial prudence. We will report any areas of concern to the Council and OAG;
- Check that Council has a current fraud, integrity and ethics policy in place, and inquire that managers and employees know about the policy and its content;
- Make enquiries about fraud with the Council and senior management;
- Understand and make enquiries about how Council manage conflicts of interest;
- Test related party disclosures within the financial statements; and
- Gain an understanding of the legislative compliance processes in place and test key aspects.

ESG and Climate Change

Matters related to climate and the broader Environment, Social and Governance (ESG) landscape are rapidly evolving. Stakeholders are increasingly asking entities to provide transparent disclosures about climate-related risks, and the New Zealand Government is taking action to reduce our emissions profile which over time will impact most entities.

ESG and climate related matters will likely create physical and transitional risks and opportunities for the Council and these matters could lead to potential impacts on the financial statements.

As part of the audit process, we will consider ESG and climate-related risks and their potential impact on the Council's and Group's financial statements. We will consider the Council's and Group's consideration of ESG and climate risks and tailor our audit approach as required.



2C. Areas of audit focus – other areas - continued

| Area of audit focus | Our approach |
|---|--|
| <p>2023 flooding events</p> <p>In 2023, weather-related events including Cyclone Gabrielle caused flooding that significantly disrupted several regions of New Zealand. Potential implications include from these weather related events could include:</p> <ul style="list-style-type: none"> • whether internal controls used to manage council financial and service performance information systems operated effectively if operations were disrupted; • the impairment and/or disposal of property, plant and equipment that cannot be repaired; • how the unrepaired damage to revalued property, plant and equipment is reflected in any resulting valuation; • the recognition of insurance proceeds received or receivable from insured assets that are damaged; • the recognition of any grants received or receivable from the Crown or other third parties; • how to reflect the performance story of the flooding events in the reported performance information; • whether there is any risk to councils of litigation resulting from the flooding events; and • whether there are implications to the going concern assumption. | <p>We plan to meet with management to understand how the weather-related events has impacted the Council. If any material impact has occurred as a result of these weather related events we will perform appropriate audit procedures and an assessment of relevant accounting transactions.</p> |
| <p>Statement of Service Performance</p> <p>The Council’s annual report is required to include an audited Statement of Service Performance (SSP) which reports against the performance framework included in the annual plan/long-term plan. This is in line with the requirements of PBE FRS 48 Service Performance Reporting.</p> <p>The SSP is an important part of Council’s annual performance reporting and it is important it adequately “tells the performance story” for each group of activities.</p> <p>Our audit opinion considers whether the service performance information:</p> <ul style="list-style-type: none"> • Is based on appropriately identified elements (outcomes, impacts, outputs), performance measures, targets/results; and • Fairly reflects actual service performance for the year (i.e. not just reports against forecast). | <p>We plan to:</p> <ul style="list-style-type: none"> • Review Council’s SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in the 2021-2031 LTP; • Audit a sample of the reported performance measures, with a focus on the more significant group of activities; • Review the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers i.e. “tells the performance story”. |



2D. Continuous communication and reporting

As the audit plan is executed throughout the year, the results will be analysed continuously and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



* We are required to read the other information to consider if there are any material inconsistencies which we are obliged to report on. We will need sufficient time to perform the review.



2E. Our team

Our audit will be led by Matt Laing as Appointed Auditor for the year ending 30 June 2023. Matt will oversee the co-ordination of the audit and has primary responsibility for working with your management team.

Yan Yi Oon will be the primary point of contact for the finance team and will oversee the day to day execution of our audit.



Audit Partner
Matt Laing
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+64 7 834 7844



Audit Manager
Yan Yi Oon
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+64 7 834 7898



3. Other reporting matters



3A. Fraud responsibilities and representations

Your responsibilities:



The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Our responsibilities:



- We are required to obtain representations from those charged with governance regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the areas of audit focus section of this document, we have identified the risk of fraud in revenue recognition and management override of controls as a significant audit risk for your organisation.
- As required, we will consider any significant related party transactions outside the entity’s normal course of business

Fraud characteristics:



- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

We will make inquiries of management and others within the entity as appropriate, regarding their knowledge of any actual, suspected or alleged fraud affecting the Council. In addition, we are required to discuss the following with the Committee:

- Whether the Committee has knowledge of any fraud, suspected fraud or allegations of fraud;
- The role that the Committee exercises in oversight of Taranaki Regional Council’s assessment of the risks of fraud and the design and implementation of internal control to prevent and detect fraud;
- The Committee’s assessment of the risk that the financial statement may be materially misstated as a result of fraud.

We will be seeking representations in this area from the Councillors in due course.



3B. Independence and fees

The proposed audit fee for the 2023 audit is the process of being reviewed by the Office of the Auditor General. The Office of the Auditor General is responsible for monitoring audit fees to ensure that fees are based on appropriate hours (that is, hours that reflect the nature and extent of work required), an appropriate audit team mix, and charge-out rates that are in line with market rates.

Once the Auditor General has approved the proposed audit fee for negotiation this will be presented to Management for consideration.

| | CY (\$'000) | PY (\$'000) |
|--|----------------|----------------|
| Fees payable for the audit of the Group financial statements (excluding disbursements and GST) | | |
| - Taranaki Regional Council and consolidated group | TBC | 122 |
| - Statutory audit for Port Taranaki Limited ** | | 118 |
| - Statutory audit for Taranaki Stadium Trust ** | | 25 |
| Total audit fees for financial statements | TBC | 265 |
| Trustee Reporting* | TBC | 7.5 |
| Total audit related and other assurance fees | TBC | 272.5 |

*Previously approved by the OAG as being of an "assurance nature" - complies with AS PES 1 Code of Ethics.

** Prior year includes additional audit fees due to scope changes



3C. Prior year unadjusted differences

We take this opportunity to remind you of the unadjusted differences identified in the prior year. Unadjusted differences in the prior year increased current year profit before tax by \$1k and decreased net assets by \$1k. These are summarised below.

| Unadjusted misstatements identified | Component | Assets Dr/(Cr) (\$'000) | Liabilities Dr/(Cr) (\$'000) | Equity Dr/(Cr) (\$'000) | Profit or loss Dr/(Cr) (\$'000) |
|--|-----------|-------------------------------|------------------------------------|-------------------------------|---------------------------------------|
| Current year, relating to prior year: | | | | | |
| Overstatement of grant revenue as funding relating to the period from April 2022 to April 2023 where only three months relates to the 2022, but has been recognised in full. | TRC | - | - | 60 | (60) |
| Overstatement of tax expense as a result of capitalised repair and maintenance not added back in 2022 | PTL | - | - | (150) | 150 |
| Retrospective application of asset recognition criteria for major repair and maintenance (not adjusted in 2022) | PTL | - | - | 91 | (91) |
| Total | | - | - | 1 | (1) |



3D. Prior year omitted disclosures

We would also like to remind you of the omitted disclosures identified in the prior year representation letter approved by the Committee. The omitted disclosures in the prior year are listed below. We recommend that these are reconsidered and addressed at an early stage of the current year reporting process.

| Entity | Omitted disclosures assessed by management as not being material | Ref | Amount (where applicable) |
|------------------------------------|---|---|-----------------------------------|
| Council and Taranaki Stadium Trust | None. | | |
| Port Taranaki Limited | Disclosure around categories of financial assets and financial liabilities, including the carrying amounts in each category. | NZ IFRS 7 para 8 | N/A |
| Port Taranaki Limited | Disclosure for revenue recognition as revenue is recognised on performance obligations satisfied over time, including the methods used to recognised revenue and how the methods are applied. Disclosure as to whether there is any unconditional rights and significant payment terms. | NZ IFRS 15 para 105 NZ IFRS 15 para 119 NZ IFRS 15 para 124 | Port operational revenue \$43,206 |
| Port Taranaki Limited | Disclosure for estimates used to measure recoverable amounts of cash-generating units associated with capital dredging assets. | NZ IAS 36 para 134 | Capital dredging \$17,942 |
| Port Taranaki Limited | Disclosure of prior period errors as a result of change in recognition criteria for major repairs and maintenance costs. | NZ IAS 8 para 49 | N/A |



4. Financial reporting and other developments



Developments in financial reporting – overview

The following table provides a high level summary of the major new accounting standards, interpretations and amendments that are relevant to the Group. A full list of the standards on issue but not yet effective is released quarterly and is available here:

https://www2.deloitte.com/nz/en/pages/audit/articles/accounting-alert.html?icid=top_accounting-alert

| Major new standard, interpretation or amendment | Effective date (periods beginning on or after) |
|---|--|
| PBE FRS 48 Service Performance Reporting | 1 January 2022 |
| PBE IFRS 9 Financial Instruments | 1 January 2022* |
| PBE IPSAS 41 Financial Instruments | 1 January 2022 |
| PBE IFRS 17 Insurance Contracts | 1 January 2023 |

*Will be superseded by PBE IPSAS 41 but early adoption is still permitted if the date of initial application was before 1 January 2020

Early implementation efforts recommended

Early effort to consider the implementation of these standards is recommended in order to provide stakeholders with timely and decision-useful information. Implementation steps are outlined opposite.

Steps for implementation

Determine extent of impact & develop implementation plan

Monitor progress and take action where milestones are not met

Identify required changes to systems, processes, and internal controls

Determine the impact on covenants & regulatory capital requirements, tax, dividends & employee incentive schemes



Accounting implications of current economic conditions

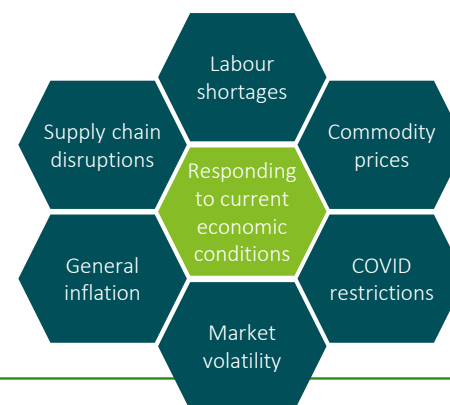
The issue

Inflation, supply chain disruptions and labour shortages are all affecting an increasingly large number of entities in different industries to varying degrees. Government restrictions and market volatility introduces additional complexities.

Why it matters

If an entity's business model and operations are affected by current economic conditions, its accounting and financial reporting are likely to be as well.

Of critical importance to many areas of financial reporting is the entity's view on whether the conditions are temporary or permanent, and if temporary, how long the conditions will continue before they normalise.



| Considerations | Potential impacts | Questions to consider |
|---|---|---|
| Forecasting | Forecasts are used in a variety of accounting estimates | <ul style="list-style-type: none"> How long are altered cost structures and restrictions expected to continue in the future? To what extent does the entity expect to offset any increased costs with pricing adjustments? Do discount rates used in measurements such as the recoverable amount in impairment testing and the measurement of provisions reflect current market conditions and expectations? |
| Specific financial reporting considerations | Inventories | <ul style="list-style-type: none"> Are increased costs of inventories on hand recoverable or should a write down to net realisable value be considered? Are appropriate cut-off procedures in place in respect of inventories in transit at year end? Have the impacts of substituted inputs or manufacturing techniques been taken into account in inventory costings and any associated warranties? |
| | Revenue | <ul style="list-style-type: none"> Has appropriate modification accounting been undertaken in response to changes in customer supply contracts? Where costs cannot be passed onto customers, such as under some long-term revenue contracts, has this impacted forecast profitability or resulted in the recognition of an onerous contract liability? |
| | Employee liabilities | <ul style="list-style-type: none"> Does the measurement of employee liabilities reflect current remuneration arrangements and expected remuneration increases, if any? |
| | Impairment | <ul style="list-style-type: none"> How have current economic conditions been reflected in recoverable amount models used in impairment models? What are the key uncertainties and judgements that have the biggest impacts on recoverable amount calculations? |
| | Deferred taxes | <ul style="list-style-type: none"> Do the models used to support the recognition of deferred tax assets reflect current expectations of future profitability? |
| Judgements and estimation uncertainties | <ul style="list-style-type: none"> Do the financial statements provide clear and specific narrative disclosure about how current economic conditions have been taken into account in determining amounts recognised in the financial statements? Has appropriate sensitivity analysis been included in the notes to the financial statements? | |
| MD&A - Operating and financial review (OFR) | <ul style="list-style-type: none"> Does the OFR clearly explain the effect of current economic conditions, both in relation to the current period results, but also the expected future impacts? | |
| Stakeholder communication | Continuous disclosure obligations | <ul style="list-style-type: none"> Should the market be informed of the impact of current market conditions? How are we identifying and responding to changes in circumstances that may require disclosure to the market? |



RBNZ Guidance on cyber resilience

The RBNZ has set out its expectations for regulated entities regarding cyber resilience.

While the expectations apply to banks, licenced non-bank deposit takers, licensed insurers and designated financial market infrastructures, they may be useful for other entities.

The guidance draws upon international and national cybersecurity standards and is intended to provide principle-based recommendations for entities rather than an explicit set of instructions.

The guidance comprises of four parts and is accessible [here](#).



PART A: Governance

Cyber resilience governance is concerned with the overall formation, execution, and evaluation of a cyber risk management approach.

This section provides guidance on how entities should use good governance to appropriately manage the overall cyber risk to themselves, and by extension, the financial sector as a whole.

PART B: Capability building

Capability building encompasses five technical building blocks that form the foundation for robust cyber resilience.

This section outlines how an entity should utilise, and improve where necessary, their identification, protection, detection, response and recovery capabilities to lay the foundation for building robust cyber resilience.

PART C: Information sharing

In facing ever-evolving and contagious cyber threats, there are benefits of collective action. A crucial component of a collective response to cyber threats is the sharing of information and how quickly it can be acted upon.

This section outlines how an entity should make preparations for sharing information through trusted channels and have a process in place to ensure the sharing is safe and timely.

PART D: Third-party management

It has become the norm for organisations to rely on third-party service providers to support core business functions. The third-party ecosystem provides an ideal environment for cyber criminals looking to infiltrate an organisation.

This section outlines how an entity should plan, screen, review and use contracts to manage its relationship with third-party service providers.





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Public Excluded Recommendations – Executive Audit and Risk Committee 19 June 2023

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 Meeting on 19 June 2023 2023 for the following reason/s:

The matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under section 48(1) of the *Local Government Official Information and Meetings Act 1987* are as follows:

Item 11 – Confirmation of Public Excluded Executive Audit and Risk Minutes – 8 May 2023

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; and/or enable any local authority holding the information to carry out, without prejudice, commercial activities

Item 12 – Purchase of land adjacent to Hollard Gardens

Item 13 – Accommodation Update

Item 14 – Yarrow Stadium update

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|--|--|--|
| Item 12: Purchase of land adjacent to Hollard Gardens | To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). | 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 for which good reason for withholding would exist under section 7 (2) (h) and (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i> . |
| Item 13: Accommodation review | To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). | 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 for which good reason for withholding would exist under section 7 (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i> . |

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|--|--|--|
| <p>Item 14: Yarrow Stadium Plus: Project Steering Group Report</p> | <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> | <p>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 for which good reason for withholding would exist under section 7 (2) (h) and (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i>.</p> |

AGENDA AUTHORISATION

Agenda for the Executive, Audit and Risk Committee meeting held on Monday 19 June 2023.

Approved:



9 Jun, 2023 1:12:22 PM GMT+12

M J Nield

Director - Corporate Services



9 Jun, 2023 1:54:06 PM GMT+12

S J Ruru

Chief Executive