

STATEMENT OF INTENT

01 July 2018 to 30 June 2019

1.0 Introduction

- 1.1 The Lake Taupo Protection Trust (the Trust) was established on 9 February 2007 to administer public funds to achieve an improvement in the water quality of Lake Taupo. The Taupo District Council (TDC), Waikato Regional Council (WRC), and the Crown (together called the 'Funding Partners') have agreed to provide funding on an annual incremental basis to the Trust for this work to be undertaken.
- 1.2 The purpose of the Trust (as set out in the Trust Deed) is the maintenance of water quality in Lake Taupo by reducing manageable nitrogen levels produced in the Lake Taupo catchment area by 20% through permanent changes in the use and management of pastoral land.
- 1.3 The Trust operation is being completed in conjunction with a complementary work program involving the policy and rules set by Waikato Regional Council under Variation 5 to the Regional Plan.
- 1.4 Currently there are four independent Trustees appointed through a publicly notified process to oversee the work of the Trust. They report three monthly on the work undertaken to a governance body being the Lake Taupo Protection Project Joint Committee (Joint Committee) comprising of two representatives from WRC, TDC, the Crown, and Ngati Tuwharetoa as kaitiaki of the Lake.
- 1.5 The Trust was previously operating towards a target of 153,000kgs being the estimated 20% of the total nitrogen. Following completion of the Nitrogen benchmarking exercise the project funders agreed to amend the target to 170,300 kgs.
- 1.6 The funding partners accepted the increased Nitrogen target and funds were agreed to, to increase the public fund to accommodate the increased nitrogen project target of 170,300 kgs to fully achieve the target of a 20% permanent reduction in manageable nitrogen.
- 1.7 The Trust achieved contractually the project's Nitrogen reduction target in the 2015 calendar year. As a result of that achievement the Trust recommended to the Joint Committee a reduction in the number of Trustees (from seven to four) and staff (from two to one) to reflect the Trust's work plan moving forward; those changes were supported by the Joint Committee.
- 1.8 In April 2015 a Monitoring Deed was executed by project funding partners and The Lake Taupo Protection Trust, as the original project documents (The Lake Taupo

Protection Project Agreement, Funding and Trust Deeds) did not address the issue of ongoing monitoring into the future which resulted in the parties entering into the Monitoring Deed to supplement and stand beside the Project documents. Stemming from the Monitoring Deed are the Taupo Catchment Compliance Monitoring Plan, the Lake Taupo Catchment Compliance Framework, and Communications Plan 2016-2018. Performance against the plan actions are reported on by partner agencies to the Joint Committee.

- 1.9 The Monitoring Deed sets out the provision for annual review. In the 2017 calendar year the Joint Committee agreed to a review being undertaken; the review is due to complete in the 2018 calendar year.
- 1.10 The Trust's work plan now focuses on the administration of the Nitrogen Reduction Agreements to ensure they are complied with and all reductions complete and secure by 30th June 2019.
- 1.11 The Joint Committee is now considering and working through a number of future scenario options beyond the operational term of the Trust in relation to the ongoing management of Nitrogen Reduction Agreements; their decisions will be known and notified to the Trust during the 2018 calendar year.

2.0 Governance

- 2.1 The governance structure comprises a Joint Committee which meets quarterly and receives reports on financial and operational matters on the Trust's activities.
- 2.2 The immediate governance of the Trust is through the appointment of four trustees who are responsible for implementing the project in terms of the Trust Deed governing the Trust.

3.0 Objectives

- 3.1 The Trust will operate in alignment with the Trust Deed, this Statement of Intent, annual operating targets and in compliance with the provisions applicable to it under the Local Government Act.
- 3.2 The cash flow projection to be reported to the Joint Committee on or before December 2018 and to show the ability of the project to complete within budget.
- 3.3 Continue to administer Trust Nitrogen Reduction Agreements to ensure outstanding contracts are fulfilled by 30th June 2019.
- 3.4 Operate and report on the outcomes of nitrogen research project(s) approved by the Trust.

3.5 Continue to undertake responsibilities identified for the Trust under the approved Taupo Catchment Compliance Monitoring Plan and generally support the operation of that Plan with other joint parties including the Trust's support of the Lake Taupo Protection Project's Communication Plan.

4.0 Nature and Scope of Activities

4.1 The nature and scope of activities for the year 01 July 2018 to 30 June 2019 are as detailed:

4.2 Fund Management:

Review the Trust's Treasury Policy, Delegation, and Sensitive Expenditure Policies by June 2018 and implement their requirements throughout the 2018/19 financial year.

4.3 Future Direction:

- All policies and operations will be reviewed to match the different and ongoing responsibilities of the Trust.
- Continue with research funding which complements completion of the project and supports positive economic outcomes for pastoral landowners within the catchment.
- Maintain relationships with all contracted parties and with major partners to ensure any issue of contention is proactively settled.
- Where necessary take legal action to remedy any contractual failure by any party to reduce Nitrogen.
- Continue to work with the Waikato Regional Council to consider ways that monitoring can be carried out effectively and efficiently and support the delivery of the Lake Taupo Catchment Compliance Framework Plan.

4.4 Administration:

Report six monthly to the Joint Committee on progress, both financial and qualitative.

5.0 Budgetary Parameters

5.1 The Trust will operate within the budgetary parameters set within the approved 2018/19 budget and any approved cash flow projection.

6.0 Accounting Policies

6.1 The accounting policies of the Trust will comply with 'generally accepted accounting practice' (as defined in the Local Government Act 2002). The financial statements of the Trust are to be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand

generally accepted accounting practices NZ GAPP, and NZ IFRS, and other applicable financial reporting standards as appropriate for public benefit entities.

7.0 Performance Targets

7.1 The following high line governance performance objectives are:

Actions	Performance Measures
Oversee the financial position of the Trust to meet and maintain a positive cash flow projection.	Cash Flow Projection in place and being operated to achieve a positive outcome at 30 th June 2019.
Ensure that all LTPT nitrogen reduction contracts are being complied with to achieve the overall Nitrogen reduction target of 170,300 kgs and where relevant in conjunction with Waikato Regional Council.	Nitrogen reduction contracts are being met and any contractual failure is addressed to achieve repatriation of any loss of nitrogen reduction.
Monitor/track that compliance monitoring results are received on an ongoing basis for LTPT N reduction agreements.	Monitoring compliance results are received in accordance with monitoring plan timelines; and Audit NZ notified of the results.
Report to Trust Board on compliance monitoring results (received from WRC) for LTPT N reduction purchases.	Trust Board up to date with compliance monitoring results.
Manage Trust funded research projects that have been previously approved by the Trust.	Research outcomes reported on.
Participation and assistance in the annual audit of the Trust.	Positive audit result.
Carry out Trust responsibilities identified in the Taupo Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties which includes the Trust's support of the Lake Taupo Protection Project's Communication Plan.	Trust actions completed and the Taupo Catchment Compliance Monitoring Plan be supported on an ongoing basis.
Provide ongoing support as required in the operation of the Lake Taupo Catchment Compliance Framework	Support provided as required to achieve the aims of the Lake Taupo Catchment Compliance Framework.

Actions	Performance Measures
Undertake any Trust actions arising from the Joint Committees consideration of the (2016) project review report recommendations, and work with project partners as required on any other related matters where Trust assistance or input is required including any transitional planning and action requirements.	Trust actions arising from the Project Review report are achieved.

8.0 Estimate of Distribution to Shareholders

8.1 No distributions will be made to the Funding Bodies and no payments will be made to the Funding Bodies unless in payment for agreed services.

9.0 Information to be provided

9.1 The Trust will deliver to the Joint Committee six monthly and an annual report on the Trust's operations as follows:

- Within two months of the end of the first half of the financial year a Statement of Financial performance, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flow and a Statement of Service Performance.

9.2 Within three months of the end of the first half of the financial year the following audited statements:

- a) Statement of Financial performance
- b) Statement of Changes in Equity
- c) Statement of Financial Position
- d) Statement of Cash Flows
- e) Statement of Service Performance including a summary as to how the Trust has performed against achieving its objectives and its prospects for the next financial year
- f) A report in relation to the Trust's medium to long term plans.

10.0 Purchase of Shares in any Company not the CCO or a Shareholder of the CCO

10.1 There is no intent for the Trust to purchase shares or interest in any company.

11.0 Estimates of Values by Trustees

11.1 All values of assets will be provided based on appropriate valuation methods which are provided by a qualified registered Valuer appointed by the Trust.

