



STATEMENT OF INTENT

From 01 July 2020

to

30 June 2021

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') 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 prescribed 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 the policy and rules set by Waikato Regional Council under Variation 5 to the Regional Plan.
- 1.4 There are four independent Trustees appointed through a publicly notified process to oversee the work of the Trust. They report three monthly on Trust operations to the governing project body – The Lake Taupo Protection Project Joint Committee (Joint Committee).
- 1.5 The Trust previously operated towards a reduction target of 153,000kgs being the estimated 20% of the total nitrogen. Following completion of the Nitrogen benchmarking process the project funders agreed to amend the reduction target to 170,300 kgs and additional funding was provided to enable the acquisition.
- 1.6 As a result of the change to the Nitrogen reduction target it was necessary to increase the public fund to enable the purchase of the additional amount of nitrogen required to achieve the 20% reduction target.
- 1.7 The Trust contractually achieved the project's Nitrogen reduction target in 2015. 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 the funding partners and the Trust entered into a Monitoring Deed as the original suite of project documents did not address the issue of ongoing monitoring into the future. Stemming from the Monitoring Deed are the Taupo Catchment Compliance Monitoring Plan, the Lake Taupo Catchment Compliance Framework, and Communications Plan. Performance against the plan actions are reported on by partner agencies to the Joint Committee.
- 1.9 In 2018 a review of the Monitoring Deed resulted in the parties entering into a Deed of Variation which provided for the addition of Ngati Tuwharetoa Maori Trust Board as a signatory party effective as of 1 July 2018. The additions to the Monitoring Deed included minimum reporting requirements for consent compliance and communications and a requirement for the Trust to report to the Joint

Committee on any monitoring activities planned or undertaken in relation to nitrogen reduction agreements.

1.10 In 2018 the Joint Committee confirmed an extension to the 'term' of the project from 30th June 2019 up to 30th June 2021 and trustees notified of the decision that they would continue their respective appointments until 30 June 2021.

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 and other reports from other agencies.

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 Trust will report the cash flow projection to the Joint Committee.

3.3 Continue to administer nitrogen reduction agreements for compliance.

3.4 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 2020 to 30 June 2021 are as detailed:

4.2 **Fund Management:**
Review the Trust's Treasury Policy, Delegation, and Sensitive Expenditure Policies by June 2021 and implement the policy requirements throughout the ensuing financial year to reflect any decision regarding transition.

4.3 **Future Direction:**

- All policies and operations will be reviewed to match the different and ongoing responsibilities of the Trust.
- Maintain relationships with all contracted parties and with major partners to ensure any issue of contention is proactively settled.
- Where necessary take appropriate action to remedy any contractual failure by any party to reduce Nitrogen.
- Continue to liaise 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.
- Continue to work with the key agencies and through the Joint Committee and the Officials Working Group to assist as required with the project transition planning and actions necessary to achieve the transition of the nitrogen reduction agreements.

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 2020/21 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 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 standards.

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, updated and reported to Trustees quarterly; and Trust operations performed to achieve a positive financial outcome.
Ensure that all nitrogen reduction agreements 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 agreements are compliant; any contractual failure is addressed and if relevant, to achieve repatriation of any loss of nitrogen.
Monitor/track that compliance monitoring results are received from Waikato Regional Council on an ongoing basis for Nitrogen reduction agreements.	Monitoring compliance results are received in accordance with monitoring plan timelines; are reported to trustees and results provided to Audit NZ for audit purposes.
Participation and assistance in the annual audit of the Trust.	Positive audit result.
Report the cash flow projection to the Joint Committee (to show the ability of the project to complete within budget).	Cash flow projection reported to the Joint Committee before balance date or at the time nitrogen reduction agreements are transitioned, whichever comes first.
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.
Continue to support and provide assistance in the project transition process as required.	Trust actions relating to the projection transition decision process are undertaken under Officials Working Group.

Actions	Performance Measures
Keep the Joint Committee up to date with any planned or proposed monitoring activities in relation to the nitrogen reduction agreements as prescribed in the Deed of Variation - Schedule of Changes.	Joint Committee up to date with any Trust monitoring activities undertaken or proposed by way of quarterly reporting.
Keep up to date with progress on the Regional Plan review as it relates to the Taupo Catchment to ascertain any impacts on the Nitrogen reduction agreements.	The Nitrogen reduction agreements not compromised as a result of the Regional Plan review.
Continue to liaise with Waikato Regional Council staff regarding the Overseer version change process and any impacts that may affect the Nitrogen reduction agreements.	Trustees are kept up to date on progress with the implementation of OverseerFM.
Be operationally ready to embark on changes as they relate to the Trust and the projects transition process.	Seek to have Trust affairs in order.

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 financial year ending, provide 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.

