

STATEMENT OF INTENT

01 July 2019 to 30 June 2020

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. Performance against the plan actions are reported on by partner agencies to the Joint Committee.

- 1.9 The Monitoring Deed (the Deed) sets out the provision for annual review which was undertaken and resulted in the parties entering into a Deed of Variation which included the addition of Ngati Tuwharetoa Maori Trust Board as a signatory party effective 1 July 2018. The additions to the 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 The Trust's work plan continues to focus on the administration of the nitrogen reduction agreements to ensure obligations are complied with.
- 1.11 The Trust will continue to work with partner agencies to assist where possible with the transition planning and actions associated with moving towards the Trust winding up by 30th June 2021.
- 1.12 The Trust will report on any approved research projects that it contributes to financially however it is unlikely that any requests for new research projects will be funded. The rationale for this position is the Trust as no further income streams, has an extended operating term to manage within existing funds, and the term of the project whilst extended up to 30th June 2021 is likely to be inadequate timewise to achieve worthwhile research results.
- 1.13 The Joint Committee has confirmed to the Trust an extension to the 'term' of the project from 30th June 2019 up to 30th 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 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 2019 to 30 June 2020 are as detailed:

4.2 Fund Management:

Review the Trust's Treasury Policy, Delegation, and Sensitive Expenditure Policies by June 2019 and implement their requirements throughout the 2019/20 financial year.

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 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.
- 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 and the Trust winding up.

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 2019/20 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, updated and reported to Trustees quarterly; and Trust operations performed to achieve a positive financial outcome.
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.
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 in the pipeline by way of report(s).
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 to achieve repatriation of any loss of nitrogen reduction.
Monitor/track that compliance monitoring results are received on an ongoing basis for 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) related to nitrogen reduction purchases.	Trustees up to date with WRC compliance monitoring results.
Manage Trust funded research projects that have had 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
Provide assistance and support and participate in the project transition planning process as required.	Project transitioning process progresses and implemented.

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.

