

Statement of Intent

FOR THE YEAR TO 30 JUNE 2024 AND THE FOLLOWING TWO FINANCIAL YEARS



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Chair's comment



Mā mua ka kite a muri mā muri ka ora a mua

Venture Taranaki Trust is the regional development agency for the Taranaki region. This Statement of Intent, provided by Venture Taranaki's Board of Trustees to our owner New Plymouth District Council, proposes a number of strategic and tactical interventions for the Trust that will support Taranaki communities, enterprises and people for the 2023-2024 financial year and beyond.

The Trust's activities will support the framework established by the Taranaki Regional Economic Development Strategy, Tapuae Roa: Make Way for Taranaki, with a focus on the four futures: Energy, Māori Economy, Food, and Visitor Sector. This work will be accompanied by the initiatives identified in the Taranaki 2050 Roadmap and its twelve associated action plans, overlaid with the Trust's own strategic plan and framework.

This strategic plan and framework has been developed in collaboration with our Board, Shareholder, and other funders, and identifies areas in which the Venture Taranaki Trust will operate in the financial year 2023-24 and beyond. This year it also articulates the newly formed Direct Economic Impact (DEI) model. Together, the strategic plan, and DEI framework will track and measure the majority of the Trust's impact over time and articulate return on investment.

Venture Taranaki plays a critical role in helping Taranaki reach its potential, catalysing opportunities that will result in regional revenue (GDP), job creation, and regional investment. The ongoing support and confidence of Stratford District Council, South Taranaki District Council, Taranaki Regional Council, and other stakeholders from across the region must be acknowledged, as must the Trust's many ongoing partnerships with central government agencies. Their co-investment in our work, coupled with the New Plymouth District Council's cornerstone investment, are actively leveraged to secure contracts for service, including the Regional Business Partner Network contract with MBIE and Callaghan Innovation. This

enables significant investment into research and development, as well as building the capabilities of the people leading our region's small and medium-sized enterprises.

Venture Taranaki supports people and enterprises of our region with award-winning services that are repeatedly acknowledged as best in class. Our challenge ahead will be our ability to continue this pace and scale in the face of changing macro-economic environments. With growing pressure on funding from local and central government, financial prudence remains a key area of focus as has already been applied in the last year with our restructuring and change of premises. Many of the projects and programmes we are looking to progress have the potential to positively change the future of our region. Our ability to catalyse this change is only as strong as our resources, and the partnerships we are able to form. We continue to leverage our existing partnerships and contracts to support the investment of our shareholder, while working to identify new funding opportunities.

The Trust has been through a period of significant change over the past twelve months, as we welcomed new Chief Executive Kelvin Wright, moved to new premises, and adopted a new organisational structure to reduce overheads and better align with our strategic intent. We have a stable and active Board who have enjoyed working with our new Chief Executive in his first year.

This stability has placed Venture Taranaki in a position of strength as the regional development agency for Taranaki, forming a solid foundation from which meaningful partnerships can form, including those with mana whenua as the Trust looks to build its reputation as a valued partner organisation under Te Tiriti o Waitangi. This Statement of Intent sets out how we will do that.

A handwritten signature in black ink that reads "joanna breare".

JOANNA BREARE

Chair, Venture Taranaki Trust



From left: Chris Myers (Board Member), Grant McQuoid (Board Member), Dr Joanna Breare (Board Chair), Kelvin Wright (Chief Executive), and Joshua Hitchcock (Board Member).

Purpose

In accordance with the Local Government Act 2002 (LGA), this annual Statement of Intent (SOI):

1. publicly states the activities and intentions of Venture Taranaki Trust for the year to 30 June 2024 and the following two financial years, and the objectives to which these activities contribute,
2. provides the opportunity for New Plymouth District Council, as shareholder, to influence the direction of Venture Taranaki Trust,
3. provides the basis for Venture Taranaki Trust's accountability to its shareholder.

This SOI reflects the expectations of New Plymouth District Council as set out in their Statement of Expectation.

The content of the Statement of Intent is specified in Schedule 8 of the Local Government Act 2002.

Trust objectives

Venture Taranaki's objectives are set out in its founding trust deed (Appendix 1) which are summarised as:

1. Provide leadership and support for the development and implementation of local, regional, and national strategies for the creation of a vibrant and prosperous Taranaki regional economy.
2. Facilitate, promote, encourage, and support sustainable enterprise growth, investment, and employment opportunities in the Taranaki region.
3. Support the region's commercial enterprises, large and small, mature or start-up, to establish, flourish and prosper.



About Venture Taranaki

Venture Taranaki (VT) is a Council Controlled Organisation owned by New Plymouth District Council and is responsible for regional development and promotion activities in Taranaki.

Venture Taranaki is a Trust incorporated under the Charitable Trusts Act 1957 but does not meet the criteria for a registered charity under the *Charities Act 2005*.

NPDC REVIEW OF VENTURE TARANAKI

During the 2021/22 year, New Plymouth District Council (NPDC) engaged the consulting firm Henley Hutchings to undertake a review of Venture Taranaki, focused on governance and ownership arrangements. This review fulfilled the requirements s17A of the Local Government Act 2002 to regularly review the delivery of services. Venture Taranaki actively participated in the review and has worked with NPDC on the findings and recommendations from the review. Decisions resulting from the review have been incorporated into NPDC's Statement of Expectations, and reflected in this Statement of Intent as part of a collaborative process.

The Board of Trustees' approach to governance

Governance of Venture Taranaki Trust is the responsibility of the Board of Trustees. Operations of the organisation are the responsibility of the Chief Executive who reports to the Chair of the Board of Trustees.

The duty of the Board of Trustees is set out in the Trust deed (Appendix 1).

Trustees are appointed by New Plymouth District Council in accordance with its Appointment and Remuneration of Directors of Council Organisations Policy and the Venture Taranaki Trust Deed.

The nature and scope of activities to be undertaken

The nature and scope of the activities to be undertaken by Venture Taranaki (VT) are guided by our strategic framework and supporting performance and accountability impacts and measures (Figure 1).

TE TIRITI O WAITANGI PARTNERSHIP

Te Puna Umanga is committed to being a valued partner organisation under te Tiriti o Waitangi. This includes working in partnership and collaboration with Taranaki iwi Māori and Māori organisations across all areas of work, as required and when appropriate.

To be an effective regional development agency and advance prosperity for Taranaki, Te Puna Umanga needs to ensure we continue building knowledge, understanding, awareness and capability to deliver valuable service to both Māori and non-Māori.

Te Puna Umanga acknowledges the value of Māori belief systems and practices, embracing them proactively where appropriate for their positive impact and in respect of a bi-cultural Aotearoa underpinned by Te Tiriti.

Strategic plan

Venture Taranaki has a strategic direction set by its board, aligned with the strategic objectives of Tapuae Roa, the Economic Development Strategy for Taranaki, adopted in 2017, and the Taranaki 2050 roadmap. This strategic direction reflects the Statement of Expectation from NPDC, and acknowledges the ambitions of Venture Taranaki's other key regional stakeholders and funders.



KEY STRATEGIC FOCUS AREAS

ENERGY

Supporting local sectors to respond

Offshore Wind

Solar

Hydrogen

Ongoing Monitoring

FOOD AND FIBRE

Branching Out

Diversification of land use

Food and Fibre

New products and innovation

Active delivery

HI TECH INNOVATION

Ecosystem

Development

Nurturing

Attracting

Connecting

Early thinking

VT RDA FUNCTIONS

DESTINATION

Regional Promotion

Attracting:

- Investment
- Talent
- Businesses
- Visitors
- Events

KEY CORE ECODEV ACTIVITIES

Delivery of contracts and services

- RBP Contract (MBIE)
- Power Up Program
- Entrepreneurship
- Business Mentors
- Curious Minds (MBIE)
- Regional Film office
- Conference bureau

Figure 1

Venture Taranaki strategic framework

In the 2022-23 Statement of Expectations, it was noted that VT would present the Strategic Framework by end of June 2023. It is noted that a new draft Strategic Framework has been developed by the Board of Trustees and will be finalised after discussions with NPDC in the first quarter of 2023-24, to ensure alignment with the updated NPDC Strategic Framework after being finalised. The VT Strategic Framework will form the basis for funding and performance measure discussions leading up to the NPDC long term plan for 2024-34.

Measurement framework

The Measurement Framework articulates four levels of measurement:

- Performance measures: KPIs against activities/outputs to ensure agreed levels of service are delivered. These are reported quarterly in the form of a dashboard.
- Project value measures: progress tracking for planned projects. These are updated quarterly along with more indepth qualitative updates as required.
- Key stakeholder evaluation: a stakeholder survey will be undertaken at the end of each financial year, and results reported in the Annual Report.
- Client satisfaction survey: VT will continue to conduct an annual Client Satisfaction Survey in order to understand the value and impact of its activities within the community.

KEY PERFORMANCE INDICATORS 2023/24 – REPORTED QUARTERLY

Measures in dark blue below are contained in the NPDC long term plan.

Activity	KPI
Number of major events attracted or retained (funded in accordance with the criteria of the major events fund)	4
Undertaking initiatives to support investment into Taranaki	5
The level of annual investment in regional businesses (subject to central government policy).	\$1m
The annual percentage of clients satisfied with Venture Taranaki business support services.	>85%
The level of annual investment* in the management capability of Taranaki's small and medium sized businesses.	\$240k
Number of enterprise referrals** and connections made by Venture Taranaki staff	200
Number of engagements*** with visitor industry operators (including local operators, other RTOs, national and international tourism agencies)	1,000
The number of talent initiatives to facilitate the retention, growth or attraction of talent (human resource) into Taranaki	2

* Investment includes capability development funding as part of the nationwide Regional Business Partner programme.

** Referrals are instances where a business or organisation is referred to a resource of which they were previously unaware. This may be a funding opportunity, programme, cluster group etc. A connection is an instance where two contacts are introduced to one another for a specific purpose that is likely to be mutually beneficial.

*** Engagement is defined as an interaction by staff with an external party and includes meetings, workshops, activity-focused emails, phone and video-conferencing conversations.

DIRECT ECONOMIC IMPACT (DEI) FRAMEWORK – REPORTED QUARTERLY

Venture Taranaki will create a DEI framework that measures the impact of key projects and workstreams against three key metrics; revenue, jobs, and investment. A proposed DEI (pDEI) will be forecast against each workstream or project as part of the business planning and business case development process. The realised DEI (rDEI) will be reported periodically throughout the course of the work and beyond. Timeframes for reporting will be appropriate to each workstream or project.

Venture Taranaki will develop the systems to measure these specific metrics and begin collecting data during the course of the 2023/24 financial year. This data will provide benchmark figures against which future targets and projections can be made. Until these systems are established and benchmark data collected, the pDEI figures will be best estimates only.

EXTERNAL PROJECT MEASURES – REPORTED QUARTERLY

The externally funded projects and contracts for service that VT undertakes are determined annually as part of the VT business planning process. For each of these, a quarterly update will be provided.

External project KPIs are met

All agreed KPIs achieved

STAKEHOLDER REVIEW – REPORTED ANNUALLY

Venture Taranaki will undertake an annual stakeholder survey, with a view to measuring the level of stakeholder engagement. The measures below are established from the 2021 NPDC review of VT and form the benchmark for improvement.

Stakeholders respond they are satisfied or very satisfied with VT	>70%
Stakeholders respond they have a strong or very strong perception of value for money provided by VT	>55%
Stakeholders respond they are clear or very clear on the purpose of VT	>50%

REGIONAL MONITORING

Venture Taranaki is an agent in the implementation of the regional strategies for Taranaki, and the activities of the Trust are intended to contribute to the desired outcomes of the regional strategies as detailed in the strategic framework above. In order to maintain a view of the impacts of the Trust's initiatives on those aspects of the economy it has capacity to influence, the Trust will produce regular reports including detailed analysis of regional KPIs, as well as a bi-annual survey of the Taranaki business community. This may also include monitoring and reports for specific sectors as appropriate.

Regional monitoring updates published

4

Accountability

In addition to the above measurement framework, VT makes the following commitments to accountability:

A detailed outline of budgets and spending in half yearly reports, showing proportional investment across programmes, in order to allow transparency of allocation of resources across programmes, and the prioritisation of these.

Quarterly updates on progress of delivery of Tapuae Roa and Taranaki 2050 actions (or any replacement strategy that may be subsequently developed and approved by NPDC). These updates will be high-level, strategic and outcome-focused.

Guiding strategies

Venture Taranaki is guided by the vision, outcomes and strategic priorities of NPDC as its shareholder. Together with the integrated regional vision, priorities and actions from Tapuae Roa - Taranaki's 2017 Regional Economic Development Strategy, the 2019 Taranaki 2050 Roadmap, and the Taranaki Iwi Recovery Strategy, these form an integral part of the strategic context for VT.

VT plays an important role in the implementation of the regional strategy and its associated goals and actions. Focused investment from NPDC ("Tapuae Roa funding") enables VT to undertake or facilitate specific actions within the remit or purview of VT. In addition to carrying out co-ordination, monitoring and reporting on progress against the region's integrated plan, VT will provide secretariat support to Ngā Kaiwhakatere o Taranaki (NKOT), the regional strategy steering group, including monitoring for central government funding opportunities, and the preparation and submission of applications on behalf of NKOT.

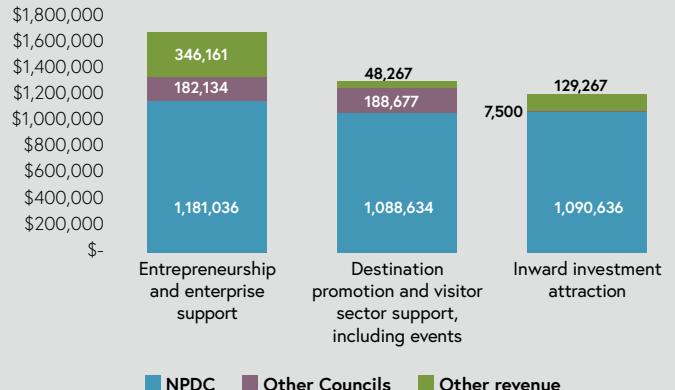
Venture Taranaki will actively collaborate with Ngā Iwi o Taranaki on the Māori Economy Future area, working with Taranaki Iwi, Hāpu, and other Māori organisations.

2023/24 Investment and priorities

NPDC funds the core activities of Venture Taranaki, as well as specific programme activity funded through Tapuae Roa investment. This activity is supplemented by a significant programme of work funded by central government and other external funders on a project and contract-for-service basis. Priority focus areas in 2023/24 are in:

- Entrepreneurship and enterprise support;
- Destination promotion and visitor sector support, including events;
- Inward investment attraction;
- Core operational costs across each cost centre;

Figure 3: Major budget focus areas excluding Major Events Fund 2023/24



Tapuae Roa investment is planned to focus on entrepreneurship and sector support, diversification and value-add, in alignment with progressing the regional strategy's priority areas, within VT's areas of expertise. Māori partnerships and Māori enterprise support are included as core components of each budget area.

NPDC investment into Venture Taranaki

The Trust requests the following investment from the New Plymouth District Council (per the Long-term Plan 2021-31 and Annual Plan 2023/24). Future funding is subject to Long Term Plan 2024-34 discussions, and it is anticipated that inflation increases and associated cost of delivery may have a significant impact on the ability of Venture Taranaki to deliver at the current levels using the inflation rate applied.

Budget	Event Fund	Econ Development & Visitor Industry	Tapuae Roa / ED Implementation	Additional funding	Tapuae Roa Replacement	Total funding requested
2023-24	\$824,051	\$2,775,528	\$384,838	\$307,428		\$4,291,845
2024-25	\$865,254	\$2,914,305	\$404,080	\$356,025		\$4,539,663
2025-26	\$899,864	\$3,030,877	\$420,243	\$388,277	\$100,000	\$4,839,261
2026-27	\$926,860	\$3,121,803	\$432,850	\$409,538	\$100,000	\$4,991,051
2027-28	\$954,665	\$3,215,457	\$445,836	\$431,436	\$200,000	\$5,247,394
2028-29	\$983,305	\$3,311,921	\$459,211	\$453,991		\$5,208,428
2029-30	\$1,012,805	\$3,411,278	\$472,987	\$467,611		\$5,364,681
2030-31	\$1,043,189	\$3,513,617	\$487,177	\$481,639		\$5,525,621
2031-32	\$1,074,484	\$3,619,025	\$501,792	\$496,088		\$5,691,390
2032-33	\$1,106,719	\$3,727,596	\$516,846	\$510,971		\$5,862,132
2033-34	\$1,139,920	\$3,839,424	\$532,351	\$526,300		\$6,037,996

REMUNERATION

Venture Taranaki is committed to being a good employer as per the definition for a local authority under section 36 of the Local Government Act 2002. VT will meet these obligations and where and when possible and appropriate align practices, including remuneration, with NPDC. Additional funding may be requested as part of the NPDC investment into VT in order to ensure remuneration is fairly aligned. This levelling adjustment will be subject to independent review against industry standard levels.

MAJOR EVENTS FUND

The annual Event Fund investment must only be used to deliver the Major Event Fund objectives to support tourism and vibrancy through attracting visitors to the region and promoting Taranaki nationally and internationally. Where the total of the Funding under this Agreement and any other money received by Venture Taranaki to support the Major Event Fund exceeds the amount of money committed to deliver the Major Event Fund objectives, Venture Taranaki must notify NPDC to seek permission to extend the timeframe of the funding into the following year. If an extension is not granted, Venture Taranaki must upon request refund to NPDC the excess amount.

TAPUAE ROA – EMERGENT OPPORTUNITIES FUND

Venture Taranaki is guided by the vision, outcomes and strategic priorities of NPDC as its shareholder. Together with the integrated regional vision, priorities and actions from Tapuae Roa - Taranaki's 2017 Regional Economic Development Strategy, the 2019 Taranaki 2050 Roadmap, and the Taranaki Iwi Recovery Strategy, these form an integral part of the strategic context for VT.

VT plays an important role in the implementation of the regional strategy and its associated goals and actions. Focused investment from NPDC ("Tapuae Roa funding") enables VT to undertake or facilitate specific actions within the remit or purview of VT. Emergent opportunities fund within Tapuae Roa funding is intended to support specific emerging initiatives and projects that meet the criteria and align with Tapuae Roa strategy. The size of the Emergent opportunities fund is determined at the start of the year, depending on the operational expense requirements and the input from NPDC, as laid out in the SOE. \$100,000 was allocated to the Emergent opportunities fund for the year of 2022-23. Where the total of the fund exceeds the amount of money committed to deliver the Tapuae Roa objectives, VT must notify NPDC to seek permission to extend the timeframe of the funding into the following year. If an extension is not granted VT must upon request refund to NPDC the excess amount.

Forecast statement of revenue and expenses

VENTURE TARANAKI TRUST

Prospective Statement of Financial Position

As at 30 June

	2024	2025	2026
Assets			
Current assets			
Cash and cash equivalents	\$643,274	\$323,668	\$343,669
Trade and other receivables	\$126,078	\$104,906	\$104,906
Other current assets	\$159,890	\$159,890	\$159,890
Investments	\$500,000	\$500,000	\$500,000
<i>Total current assets</i>	<i>\$1,429,242</i>	<i>\$1,088,464</i>	<i>\$1,108,465</i>
Non-current assets			
Intangible assets	\$50,000	\$38,000	\$38,000
Property, plant and equipment	\$150,000	\$120,000	\$100,000
<i>Total non-current assets</i>	<i>\$200,000</i>	<i>\$158,000</i>	<i>\$138,000</i>
Total Assets	\$1,629,242	\$1,246,464	\$1,246,465
Liabilities			
Current liabilities			
Trade and other payables	\$208,941	\$126,163	\$126,164
Employee entitlements	\$110,644	\$110,644	\$110,644
Revenue received in advance	\$600,000	\$300,000	\$300,000
<i>Total current liabilities</i>	<i>\$919,585</i>	<i>\$536,807</i>	<i>\$536,808</i>
Net Assets	\$709,657	\$709,657	\$709,657
Total Equity	\$709,658	\$709,657	\$709,657

VENTURE TARANAKI TRUST

Prospective Statement of Comprehensive Revenue and Expenses

For the year ended 30 June

	2024	2025	2026
Revenue			
Grant revenue	\$6,149,759	\$5,754,938	\$5,439,034
Other revenue	\$79,031	\$80,612	\$82,224
Interest revenue	\$60,000	\$50,000	\$40,000
Gain on assets	\$0	\$0	\$0
<i>Total revenue</i>	<i>\$6,288,790</i>	<i>\$5,885,550</i>	<i>\$5,561,258</i>
Expenses			
Personnel costs	\$2,782,578	\$2,921,707	\$3,038,575
Depreciation and amortisation	\$97,000	\$97,000	\$97,000
Operating expenditure	\$1,700,308	\$1,785,323	\$1,856,736
Loss on assets	\$0	\$0	\$0
Grants	\$1,501,904	\$864,170	\$342,902
Trustees fees	\$207,000	\$217,350	\$226,044
<i>Total expenses</i>	<i>\$6,288,790</i>	<i>\$5,885,550</i>	<i>\$5,561,258</i>
Surplus before taxation	\$0	-\$0	\$0
Income tax expense	\$0	\$0	\$0
Surplus after taxation	\$0	\$0	\$0
Other comprehensive revenue and expenses	\$0	\$0	\$0
Total comprehensive revenue and expenses	\$0	\$0	\$0

VENTURE TARANAKI TRUST

Prospective Statement of Changes in Equity

For the year ended 30 June 2024

	2024	2025	2026
Balance at 1 July	\$709,657	\$709,658	\$709,657
Total comprehensive revenue and expense for the year	\$0	-\$0	\$0
Balance at 30 June	\$709,658	\$709,657	\$709,657

VENTURE TARANAKI TRUST

Prospective Statement of Cash Flows

For the year ended 30 June

	2024	2025	2026
Cash flows from operating activities			
Receipts from grants and other income	\$5,827,083	\$5,606,722	\$5,561,258
Payments to suppliers and employees	-\$6,394,409	-\$5,871,328	-\$5,464,257
Goods and services tax (net)	\$39,786		
Net cash flows from operating activities	-\$527,540	-\$264,606	\$97,001
Cash flows from investing activities			
Receipts from sales of property, plant and equipment			
Purchase of property, plant and equipment and intangible assets	-\$92,881	-\$55,000	-\$77,000
Receipts from sale of investments			
Purchase of investments			
Net cash flows (used in) investment activities	-\$92,881	-\$55,000	-\$77,000
Net decrease/increase in cash and cash equivalents	-\$620,421	-\$319,606	\$20,001
Cash and cash equivalents at the beginning of the year	\$1,263,695	\$643,274	\$323,668
Cash and cash equivalents at the end of the year	\$643,274	\$323,668	\$343,669

Note: Venture Taranaki Trust have nil cash flows from financing activities.

Appendices

1. Venture Taranaki Trust Deed
2. Relationship between NPDC and Venture Taranaki
3. Statement of Accounting Policies

1. Venture Taranaki Trust Deed

https://venturetaranaki.sharepoint.com/:b/g/Ec73E-_g0z1Cr-bWAukFEUQBhxy4dyIEeMr1Lii0UgdEkQ?e=rYSamV

2. Relationship Between NPDC and Venture Taranaki

Venture Taranaki's relationship with New Plymouth District Council.

Venture Taranaki Trust is committed to a positive and constructive relationship with New Plymouth District Council as its shareholder. The following mechanisms will continue to be used to ensure this relationship enables open and honest sharing of information and supports appropriate performance monitoring and accountability to the Council and the community:

- A shared focus on the development of the district and region, guided by the integrated regional vision, priorities and actions from Tapuae Roa and the Taranaki 2050 Roadmap.
- A shared focus on high quality service delivery guided by the key performance indicators set out in the SOI.
- Continuing the 'no surprises' approach that Venture Taranaki Trust's relationship with its shareholders is founded upon.
- Six-monthly governance workshops between the Venture Taranaki Trust Board and New Plymouth District Councillors to discuss developments in the economy and Venture Taranaki's progress on the projects and activities in this Statement of Intent.
- Quarterly workshops between Venture Taranaki Trust's Trustees, CEO, Senior Management Team and New Plymouth District Councillors to coincide with the quarterly updates to New Plymouth District Council. Workshops will be led by the Chair (or a trustee in the absence of the Chair). Members of VT's management team will be in attendance to answer questions and present any detailed information.
- Quarterly reporting will include KPI measures and any other significant projects that Venture Taranaki Trust is responsible for, including the programme of activity under Tapuae Roa and Taranaki 2050 carried out by VT and others, and a high-level breakdown of NPDC's funding for VT across activity areas, as provided in this Statement of Intent.

- Impact measures against the Strategic Framework will be reported in the Annual Report.
- Six-monthly and annual reports will include any activities or initiatives that mitigate the impact of climate change, and
- which support NPDC's Climate Action Framework.
- Full financial reporting will continue to be provided on a six-monthly basis via the Interim Financial Report and the Annual Report.
- Regular meetings between Venture Taranaki Trust and New Plymouth District Council CEOs.
- The Chief Executive of New Plymouth District Council (or their delegate) attending and participating as an observer at Venture Taranaki Trust Board meetings.

Venture Taranaki Trust will also provide information to its shareholder that meets the requirement of all relevant statutes, including, the *Charitable Trusts Act 1957*, the *Local Government Act 2002* and the *Financial Reporting Act 2013*, to enable shareholders to make an informed assessment of the organisation's performance, including:

- An annual Statement of Intent in accordance with Section 64 of the *Local Government Act 2002*.
- Quarterly reports within two months of the end of each quarter in accordance with Section 66 of the *Local Government Act 2002*.
- An annual report within three months of the end of the financial year in accordance with Sections 67, 68 and 69 of the *Local Government Act 2002*.

3. Statement of Accounting Policies

REPORTING ENTITY

Venture Taranaki Trust is a Charitable Trust incorporated in New Zealand under a Trust Deed dated 27 May 1998 and is domiciled in New Zealand. The Trust commenced operations on 1 July 1998.

The Trust is a wholly owned subsidiary of New Plymouth District Council and is a Council Controlled Organisation as defined in Part 1 Section 6 of the *Local Government Act 2002*.

The Trust is a Public Sector Public Benefit Entity (PBE) for financial reporting purposes.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 Public Sector PBE Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). The financial statements comply with International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR) and other applicable Financial Reporting Standards as appropriate to Public Sector PBEs.

The Trust is eligible to report in accordance with Tier 2 Public Sector PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure exceeds \$2 million but does not exceed \$30 million.

The Trust is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community and the Trust has been established with a view to supporting that primary objective rather than a financial return.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Government grants

Grants received from the New Plymouth District Council are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust's trust deed. The Trust also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.

Council, government, and nongovernment grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest income

Interest income is recognised using the effective interest method.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

B. Grant Expenditure

Grants are made up of funding provided to applicants meeting criteria for specific activities, such as major events and the Participatory Science Platform project. Non-discretionary grants are those grants awarded if the grant meets the specified criteria. They are expensed when an application that meets the specified criteria for the grant has been received. The Trust's non-discretionary grants have no conditions that need to be fulfilled to receive the grant.

Discretionary grants are those grants where the Trust has no obligation to award the grant on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding is expensed when the grant is approved and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied.

C. Leases – Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

D. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

E. Receivables

Trade and other receivables are initially measured at fair value and subsequently at fair value less any provision for impairment. The amount of impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected which is determined on an analysis of the Trust's losses in previous periods and review of specific debtors.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Trust applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. A provision matrix is established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

In previous periods an allowance for impairment was only recognised when there was objective evidence the amount due would not be fully collected.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

F. Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

G. Intangibles

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and improvements of Venture Taranaki's websites are recognised as an asset when incurred as the websites generate future economic benefits.

Amortisation

Computer software licenses are amortised on a straight-line basis over their estimated useful life of two and a half years. Amortisation begins when the asset is available for use and ceases at the date when the asset is disposed of. The amortisation charge for each year is recognised in surplus or deficit.

H. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are presented net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised as an expense as they are incurred.

Depreciation

Depreciation is provided on a straight line basis at rates calculated to allocate the assets cost less estimated residual value, over the estimated useful life of the asset.

Major depreciation periods are:

- | | |
|-------------------------|------------|
| • Leasehold alterations | 10 years |
| • Fixtures and fittings | 10 years |
| • Office equipment | 3-10 years |
| • Motor vehicles | 3 years |
| • Other fixed assets | 4-10 years |

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

I. Impairment of property, plant, and equipment and intangible assets

Property, plant, and equipment and intangible assets are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

J. Trade and other payables

Trade and other payables are stated at cost. Trade and other payables are noninterest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

K. Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

L. Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in "finance costs".

M. Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

N. Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

O. Critical accounting estimates and assumptions

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

