

Preparing for the future

Taranaki Regional Council Summary Annual Report 2022/2023



Charlotte Littlewood, Chair
Taranaki Regional Council

Kia ora koutou

We are pleased to present Taranaki Regional Council's 2022/2023 Annual Report. This report looks at what we have achieved over the last year and how that compares against what was set out in the 2022/2023 Annual Plan and the 2021-2031 Long-Term Plan (LTP).

Although it's only been three years since that LTP was developed and two years since it came into effect, the world we're living in has changed dramatically in those years and that has presented the Council with a number of challenges as we strive to continue improving lifestyles and supporting livelihoods.

The economic conditions we're experiencing after the Covid-19 pandemic with the subsequent major hike in inflation and the cost of living, has meant we've faced cost pressures on the delivery of services to our community. We all know from visiting the supermarket that prices have risen a lot, particularly over the last 12 months, and those inflationary pressures have made it challenging for the Council, along with everyone else.

These conditions come at a time when there is massive change in many of the areas we look after. In particular, parts of the Government's Essential Freshwater reforms are now coming into force and we have had to ensure we're ready to deliver the changes needed to protect freshwater and continue to improve our precious waterways. A major piece of work coming out of these changes is the creation of a Natural Resources Plan for Taranaki.

The Government is also replacing the 32-year-old Resource Management Act with the Climate Adaptation Act, the Spatial Planning Act and the Natural and Build Environment Act. This radical shake-up of how resources are managed will change how we operate and we are starting to adapt to work within this new regulatory environment.

As we've seen this year, with Cyclone Gabrielle on the East Coast and severe flooding in Auckland and Northland, major weather events are likely to occur more regularly because of climate change and that's something we have to mitigate against and consider when putting in place plans and long-term strategies to protect our region. We will be including more information and seeking feedback on how we might address these issues in our 2024/2034 Long-Term Plan.

These changes and challenges represent opportunities to ensure we have the right systems and people in place to ensure we are ready to deliver the numerous regulatory reforms and remain fit for purpose to continue our work in taking Taranaki forward.

We couldn't continue that work to preserve our environment now and for the future without the help from our community and working in partnership with tangata whenua. Our focus on working collaboratively is one of the key ways we've been able to continue to deliver services across the region.

We were delighted to welcome back our community to Yarrow Stadium and the return of big games to the New Plymouth venue. The 2022/23 financial year saw major strides towards the goal of creating the best regional stadium in Aotearoa/New Zealand with the final repairs of the West Stand finished including the installation of a new roof.

Our three regional gardens – Pukeiti, Hollard Gardens and Tūpare – had a busy year with more than 123,500 visits and nearly 40 events for visitors while public transport continued to rebound after Covid-19 with nearly 700,000 bus passengers – a 27.6% increase on the previous year.

We held two major community conversations to find out what Taranaki people thought about the visions for transport and freshwater. Your views are key to developing our plans and policies and we were pleased to get so many of you engaged and taking the time to have a say on these key issues. The feedback and responses from further consultations will shape the ongoing work on the Natural Resources Plan, a new transport strategy called Better Travel Choices and the next Regional Land Transport Plan.

We provided more than 300,000 riparian plants for land owners to plant along the region's rivers and streams.

We're continuing to see positive results across our Towards Predator-Free Taranaki initiative. We received \$2.5m in funding to double the size of the Zero Possum project, and we added 15,000ha to the rural mustelid (stoats, weasels and ferrets) programme while the urban project goes from strength to strength.

Biodiversity plans were prepared for a further 19 Key Native Ecosystems (KNEs) on 1,357ha of privately owned land. There are now 228 KNEs with biodiversity plans on private land covering more than 13,000 hectares.

We also secured \$3.6m in Government funding for the next four years for our STRESS (South Taranaki and Regional Erosion Support Scheme) programme which helps farmers control erosion in the hill country. More than 210,000ha of hill country is now covered by land management plans.

To ensure we're meeting our commitment to protect our environment, we monitor rivers, streams, wetlands and other habitats. The last financial year saw the completion of 20 flood control projects while our compliance teams carried out checks on nearly 1,800 dairy farms and 406 industrial inspections.

We recorded a 2022/2023 deficit of \$1.35m. This is slightly behind the overall budget and has been influenced by the cost pressures on the delivery of services to our community along with the significant increase in Council work programmes.

We successfully held local elections in October. A number of councillors returned while four new faces now sit around the Council table. With the decision by David MacLeod not to stand, the election marked the first change in Chair for more than 20 years with Charlotte Littlewood named as Chair and Neil Walker chosen as Deputy Chair.

The election was also the first since the decision to create a Māori Constituency for Taranaki. The election of Bonita Bigham and increasing efforts to engage with iwi and hapū on all aspects of Council builds on continuing work to create a platform for closer engagement, understanding and kōrero with Māori.

Finally we also acknowledge the efforts and achievements of our staff who are effectively and efficiently dealing with the many changes and challenges the Council is facing while ensuring we're providing value for money for ratepayers with the delivery of first-rate services and excellent amenities to our community.



Charlotte Littlewood, Chair

Deloitte. INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TARANAKI REGIONAL COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The summary of the consolidated annual report was derived from the annual report of the Taranaki Regional Council (the Regional Council) and its subsidiaries (the Group) for the year ended 30 June 2023.

The summary of the annual report comprises the following summary statements on pages 2 to 4:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance information.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and

- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the Council and Group information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 19 September 2023.

Council's responsibility for the summary of the annual report

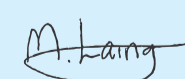
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the

major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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. In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of trustee reporting, greenhouse gas emissions inventory report assurance readiness review and qualitative climate risk assessment & scenario analysis, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.



Matt Laing, Partner
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand
19 September 2023



Taranaki at a glance

123,554 visits

to Tūpare, Hollard and Pukeiti regional gardens

[2021/22: 110,000]

Predator-free Programme



\$2.5M

secured to double the size of the Zero Possum project
[2021/22: \$0M]



15,000HA

added to rural mustelid programme
[2021/22: 22,918ha]

425 responses to Public

requests for advice around biosecurity, biodiversity and predator-free
[2021/22: 353]

Ensuring clean air

99%



air-discharge consent-holders with 'good' or 'high' consent compliance

[2021/22: 99%]

12

Submissions made on key policy issues

[2021/22: 15]

Environmental heroes

19



recognised at annual Environmental Awards

[2021/22: 16]



Sustainable land management

12.6KM

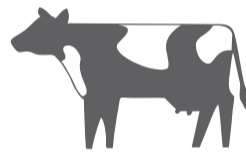
fencing to protect marginal land

[2021/22: 18km]

32 comprehensive farm plans developed

[2021/22: 30]

1,755 inspections



for dairy effluent compliance monitoring

[2021/22: 1,600]



406

of small industrial operations

compliance inspections
[2021/22: 392]

203,000

visits to TRC website

[2021/22: 167,000]



Environmental education

16,000



tamariki and rangatahi participated in education programmes

[2021/22: 11,000]

State of environment

All freshwater SOE monitoring programmes reviewed to improve systems



[2021/22: 100%]

Habitat Protection

79

potential KNEs assessed
[2021/22: 73]



18

new biodiversity plans for KNEs completed
[2021/22: 24]

59

regionally significant wetlands now protected
[2021/22: 59]



Resource consent Processing

307

consent applications
[2021/22: 225]

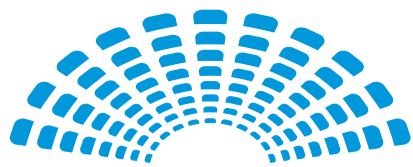


100%

met RMA requirements
[2021/22: 100%]

Governance
Local election in October 2022





Yarrow Stadium reopened for events

- ✓ West Stand opens doors after repairs completed
- ✓ Main field replaced with new hybrid turf
- ✓ East Stand design completed

Pest Plants



pest plants infestations identified and controlled
[2021/22: 233]

2,780

property inspections to control pest plants
[2021/22: 660]

Regional soil quality

20 sites sampled
[2021/22: 20]



Port Taranaki

\$8M dividend received
[2021/22: \$8M]



2 Marine oil spill exercises
[2021/22: 2]

Public engagement

31,000

likes, shares or reactions on social media
[2021/22: 25,000]

500+ responses

to kōrero on visions for freshwater

1,805

surveys, comments, and feedback on future of transport

Self-help Possum Programme

232,000HA

covered Taranaki-wide
[2021/22: 232,000]



4,234

properties in the programme
[2021/22: 4,227]

Public transport



27.6%

increase on previous year
[2021/22: 40%]

694,895

passengers on buses
[2021/22: 544,588]



57,874

Total Mobility Scheme passenger trips made
[2021/22: 43,632]

Planting and fencing streambanks

7.9M

planted since 1996
[2021/22: 7.6M]

300,524

plants purchased by landowners
[2021/22: 418,312]



Sustainable land management

\$3.6M STRESS funding

secured until June 2027
[2021/22: \$0M]

232,225HA

covered by land management plans
[2021/22: 217,469]

Water quality monitoring

at swimming sites

22

freshwater sites
[2021/22: 19]

18

marine sites
[2021/22: 17]



Enforcing environmental standards



99

infringement notices issued
[2021/22: 103]

162

abatement notices issued
[2021/22: 147]



Flood Protection

20

river control projects undertaken
[2021/22: 31]

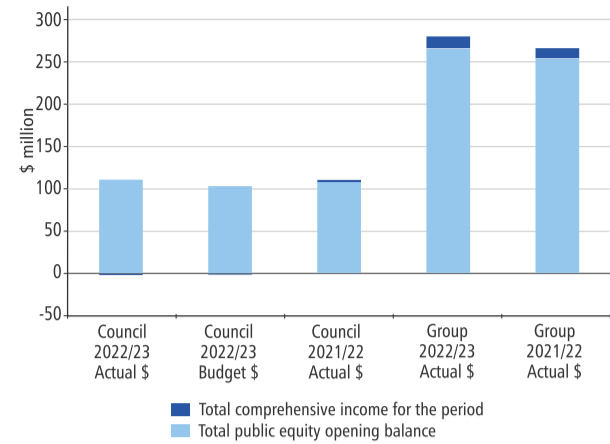
100%

of schemes maintained
[2021/22: 100%]

Comprehensive revenue and expense

	Council 2022/23 Actual \$	Council 2022/23 Budget \$	Council 2021/22 Actual \$	Group 2022/23 Actual \$	Group 2021/22 Actual \$
Total expenses	45,518,407	47,004,286	41,220,878	81,493,271	78,561,040
Total income	42,232,241	45,855,978	41,594,543	100,106,769	92,114,983
Operating surplus/(deficit) before finance income and expenses and taxation	(3,286,166)	(1,148,308)	373,665	18,613,498	13,553,943
Finance income	1,770,404	655,659	558,150	1,091,072	406,339
Finance expense	(774,759)	(455,659)	(207,031)	(1,815,611)	(853,640)
Operating surplus before taxation	(2,290,521)	(948,308)	724,784	17,888,959	13,106,642
Gains/(losses) on revaluation of buildings	-	-	-	1,365,646	(1,296,058)
Gains/(losses) on revaluation of investment properties	(195,000)	-	1,144,000	(195,000)	1,144,000
Impairment of assets	-	-	-	-	(91,939)
Income tax expense	(10,266)	(10,000)	67,917	(5,367,017)	(4,040,721)
Net surplus/(deficit) for the period	(2,495,787)	(958,308)	1,936,701	13,692,588	8,821,924
Items that may be reclassified subsequently to profit and loss when specific conditions met.					
Revaluation of property, plant and equipment	1,141,333	-	675,360	100,855	1,812,360
Change in cash flow hedge	-	-	-	103,984	1,180,954
Total comprehensive income for the period, net of tax	(1,354,454)	(958,308)	2,612,061	13,897,427	11,815,238

Comprehensive income



Changes in net assets/equity

The Council's equity fell by \$1.35m in 2022/2023 to \$109.2m. At a Group level, the total community ownership of the Council and the Group grew by \$13.9m to \$279.5m.

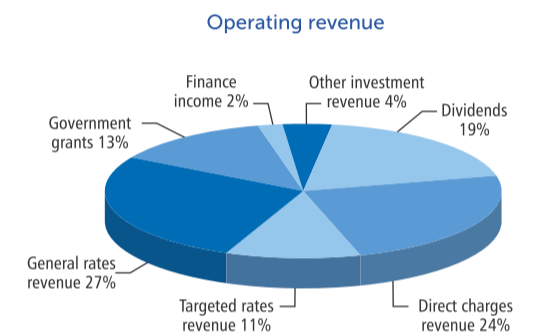
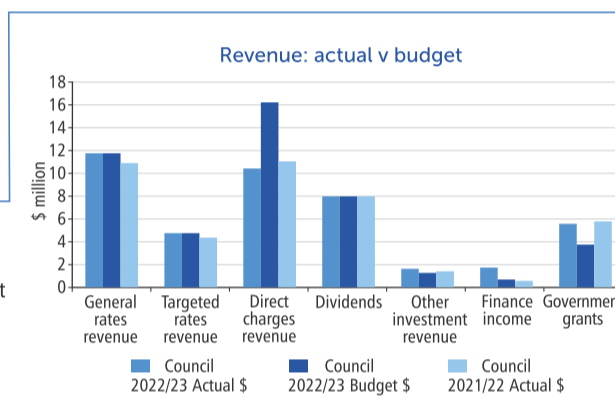
The Council's total equity of \$109.2m (Group – \$279.5m) is made up of retained earnings \$69.9m (Group – \$168.8m), special purpose reserves \$32.2m (Group – \$32.2m), asset revaluation reserves \$7.1m (Group – \$76.9m) and a cashflow hedge reserve of nil (Group – \$1.6m).

Comprehensive income

The Council made a net operating deficit (other comprehensive income) of \$1.4m (2021/2022 surplus of \$2.6m) compared to a budgeted deficit, before transfers to and from reserves, of \$1.0m. The entire operating deficit is from continuing activities.

Revenue

Total Council only revenue (including finance income) was under budget for the year by \$2.5m.

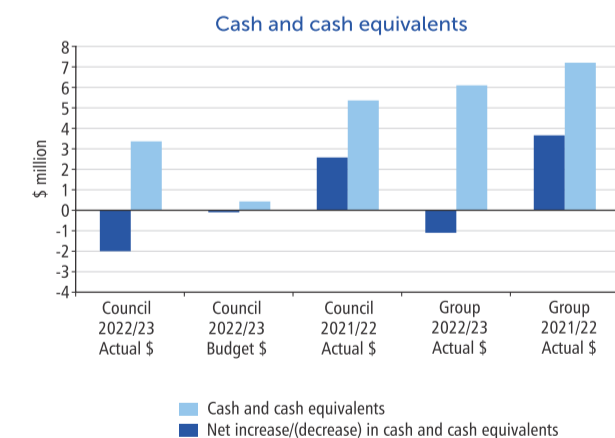
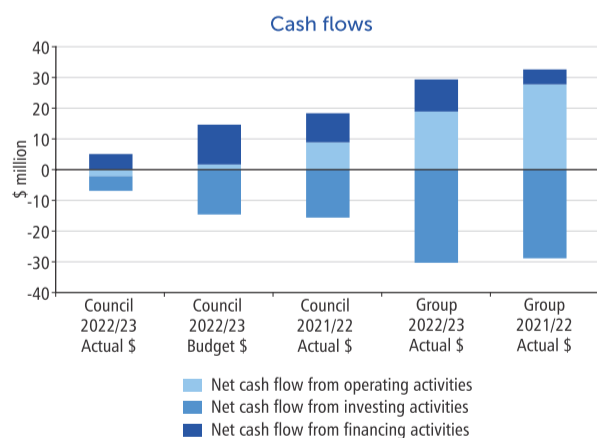
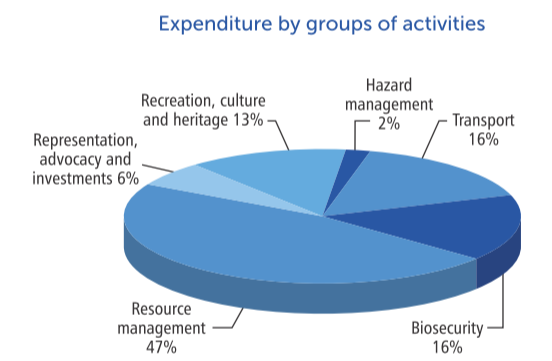
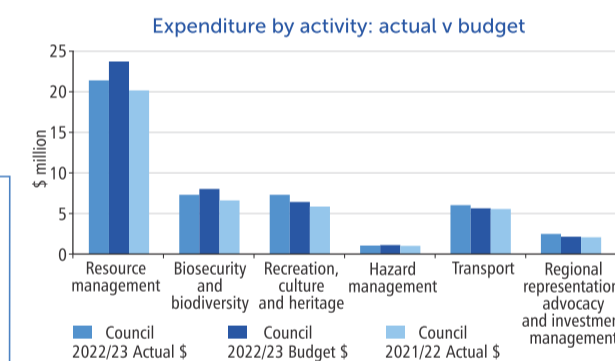


Expenditure

Total Council only operating expenditure (including finance expense) was under budget for the year by \$1.2m.

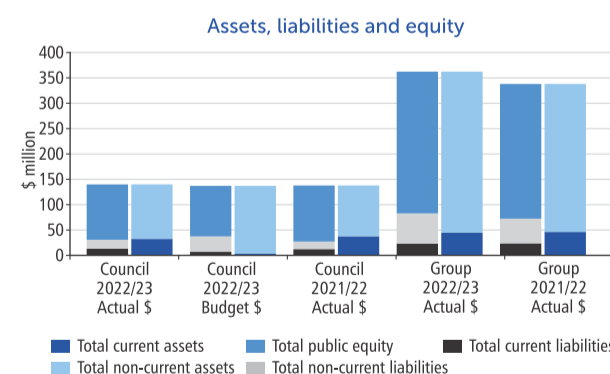
Cash flows

The Council's cash and cash equivalents decreased by \$2.0m during the year. Net cash outflows from operating activities was \$2.2m, net cash outflows from investing activities was \$4.8m and net cash inflows from financing activities was \$5.0m. At a Group level cash balances decreased by \$1.1m to \$6.1m in total.



Financial position as at 30 June 2023

The assets grew by \$2.2m for the Council and by \$24.2m for the Group. Liabilities increased by \$3.6m for the Council and increased by \$10.3m for the Group. The Council has \$19.5m of public debt.



Notes

These summary financial statements have been prepared in compliance with "Financial Reporting Standard No.43 (PBE)" issued by the External Reporting Board. The summary report cannot provide as complete an understanding as the full Annual Report, which is available free of charge from the Council offices (ph 06 765 7127) or email publications@trc.govt.nz or visit the Council's website www.trc.govt.nz.

This summary financial report has been extracted from the Taranaki Regional Council 2022/2023 Annual Report dated 19 September 2023. The Council and Group received an unmodified audit opinion. The opinion was dated 19 September 2023. The financial statements are presented in New Zealand dollars. The Summary Annual Report was adopted and authorised by the Taranaki Regional Council on 19 September 2023.

Taranaki Regional Council is the ultimate parent of the Group and controls two entities being Port Taranaki Ltd and Taranaki Stadium Trust. There have been a number of transactions between Port Taranaki Ltd, the Taranaki Stadium Trust and the Taranaki Regional Council during the year in the normal course of business.

The primary objective of the Taranaki Regional Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Taranaki Regional Council has designated itself and the Group as public benefit entities for the purposes of International Public Sector Accounting Standards (IPSAS). The full set of financial statements included in the Annual Report has been prepared in accordance with NZ GAAP. The full set complies with IPSAS, and other

applicable Financial Reporting Standards, as appropriate for public benefit entities. These summary financial statements are in accordance with the recognition and measurement requirements of IPSAS but do not comply with the presentation and disclosure requirements of IPSAS. The summary financial statements are in respect of the Council and Group's IPSAS full financial statements. This summary annual report has been prepared in accordance with Tier 1 Public Benefit Entity (PBE) standards.

Events subsequent to balance date: For the Council, there have been no material events subsequent to balance date. For the Port, on 17 August 2023, the Board resolved to pay a fully imputed final dividend of \$4.5 million at 8.65 cents per share on 10 October 2023. For the Trust, there have been no material events subsequent to balance date.