



David MacLeod, Chairman  
Taranaki Regional Council

We are pleased to present the Taranaki Regional Council's 2018/2019 Annual Report. In particular, it's satisfying to report that although the year brought significant challenges, the Council notched up notable achievements in partnership with the regional community. And once again, we finished the year in a strong financial position. We're confident the Council is well placed to meet future challenges and demands, and to continue to serve the region by supporting livelihoods, improving lifestyles and taking Taranaki forward.

## Highlights of the year included:

### Towards Predator-Free Taranaki

It's been exciting to see the community embrace the Towards Predator-Free project, the ambitious region-wide campaign launched in May 2018.

Monitoring data shows this intensive predator control may already be making a difference - rats and possums in urban New Plymouth are decreasing, while the trapping network in rural and urban areas is expanding rapidly.

Monitoring, using rat footprint tracking and a possum bite-mark index, show catch rates have dropped; rats went from 33 per cent to 19 percent over the year, while the urban New Plymouth possum index has fallen from 25.6 to 1.4 per cent in the past four years.

These results strongly suggest the rapidly growing trapping network in urban New Plymouth backyards, parks and reserves is having an impact, supporting successful efforts removing predators on rural and conservation land.

There have been many other highlights in the first year, including the enthusiastic involvement of young people and schools, and the way the Oākura-Kaitake community has embraced the cause and made it their own. This area was an excellent choice for the zero possum trial that is part of the wider programme.

### Yarrow Stadium

Proceeding with repairs to the earthquake-prone grandstands and essential refurbishments at Yarrow Stadium with a budget of up to \$50 million was one of the most momentous and difficult decisions ever faced by Councillors.

The unanimous decision was based on full consideration of all the possibilities, taking into account expert analyses by engineers, geotechnical specialists, economists and others, as well as a thorough public consultation process.

Councillors listened carefully to the wide range of views put forward during the consultation process. And after weighing everything up and a good debate, the Council remains confident the community largely shares our vision for Yarrow Stadium: The best non-metro stadium in the country for national and international sports, entertainment and community events, offering a quality experience for all who use it.

It is clear to us that we must reinstate Yarrow Stadium to what it was, with refurbishments that are necessary to meet current and foreseeable requirements for such venues. This was undoubtedly the best option that was within the TRC's financial capabilities.

Not everyone agrees, of course. That is to be expected. Still, it's disappointing to note that misinformation and inaccuracies continue to be given currency by some.

We moved swiftly and efficiently to get to the point where a decision could be made, giving certainty to the community as well as key stakeholders. It was pleasing that so many took part in the consultation process.

### Freshwater quality & riparian programme

The long-running and world-scale effort by the region's rural sector to fence and plant thousands of kilometres of waterways in Taranaki continues to be rewarded by positive results in terms of freshwater quality. It's also winning wider attention and recognition.

The Riparian Management Programme is a mammoth project in terms of scale, numbers and timeframe:

- 15,400 kilometres of stream banks.
- 5.6 million native plants, with more to come.
- Thousands and thousands of hours and tens of millions of dollars.
- 25-years plus, and the finish line is in sight.

As in recent years, latest monitoring shows the ecological health of waterways at or near the best ever recorded. An independent study by NIWA has confirmed that fencing and planting the waterways is a direct factor in these improvements, as well as a reduction in bacteria levels. It was most pleasing that the project won Local Government NZ's 2017 Excellence Award for Environmental Well-Being.

But there are still gains we can make and a lot of work we need to do. The Council has been fully engrossed in a review of our 'rulebook', the Freshwater and Land Plan, to tease out issues and potential fixes. There's been a raft of scientific studies and we've also been running a series of hui with iwi and other water users.

The Council is still aiming to have a proposed new plan ready for notification in mid-2020.

### Pukeiti, Tūpare & Hollard Gardens

A firm focus on presentation, interpretation and sound horticultural practice at the three heritage properties, Pukeiti, Tūpare and Hollard Gardens, has won recognition from the national garden sector as well as the regional public.

During the year, Tūpare was awarded the NZ Gardens Trust's highest six-star rating - a distinction shared by only 13 other locations nationally.

Visitor numbers have been growing at Tūpare, Hollard Gardens and especially at Pukeiti, whose new Rainforest Centre and associated developments have clearly struck a chord with the public. Exciting new features are in the pipeline as development work continues and we're confident we'll see visitor numbers rise even further as a result.

### Strong financial position

The Council finished the 2018/2019 financial year with a surplus of \$5.99m. This result was strongly and favourably influenced by property and asset revaluations (\$1.45m), dividends in excess of budget (\$1m) and unbudgeted revenue following enactment of the New Plymouth District Council (Waitara Lands) Act 2018 (\$2.5m). This latter income is to be applied for specific purposes in the Waitara catchment as detailed in the above statute. Excluding these extraordinary influences, the budget ran to a surplus of about 3% of turnover, a pleasing result.

We gratefully acknowledge the efforts and achievements of staff during the year, ably governed by a team of councillors providing clear direction and leadership, consistent with our mission. It was a very busy period and the Council has been resolute in its efforts to support livelihoods, improve lifestyles and take Taranaki forward.



David MacLeod, Chairman

## Deloitte INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TARANAKI REGIONAL COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The summary of the consolidated annual report was derived from the annual report of the Taranaki Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group) for the year ended 30 June 2019.

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 2019;
- 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 2019;
- 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 full annual report and our audit report thereon

We expressed an unmodified audit opinion on the Council information and a qualified opinion on the Group information that we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 1 October 2019.

### 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.

Other than in our capacity as auditor, we have no relationship with, or interests in the Regional Council.



Melissa Youngson,  
Deloitte Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand  
1 October 2019



# Supporting livelihoods



## Planting and fencing streambanks

**5.6m** plants put along streams by landowners. 547,510 in past year along 300 km.

**86.5%** riparian plan streambanks protected with fencing

**73.7%** riparian plan streambanks protected with riparian vegetation.

## Monitoring nature's extremes

- ✓ Regional and District Councils maintained Civil Defence readiness and response capability.
- ✓ maintained flood protection schemes in the lower Waitara, lower Waiwhakaiho, Waitotara, and Stony Rivers, Kaihihi Stream and Opunake.
- ✓ maintained flood monitoring and warning networks.



## Regulating use of natural resources

**100%**

resource consents processed in RMA timeframes over past 19 years.

## Restoring native habitats



**100%**

of 16 Key Native Ecosystems monitored improving or maintaining condition.

**24**

new biodiversity plans covering 1,099 ha of ecologically important habitats on private land.

Total of 132 covering 5,357 ha.



## Reporting environmental performance

**120** major consent monitoring programmes publicly reported.

**96%** 'high' or 'good' environmental performance for major consents.

**90.7%** dairy farms and all pig and poultry farms complied with consent conditions.

✓ High level of environmental performance by industries, councils and farming sector.



## Removing predators and targeting pest plants

**7,000** predator traps rolled out in urban New Plymouth and NPDC reserves to move Towards Predator-Free Taranaki

**6.7%** residual catch rate across self-help possum control programme, significantly reducing effects on biodiversity and agricultural production

**1,309** inspections for pest plants.

## Enforcing environmental standards

**452**

environmental incidents responded to. Control and cleanup initiated where required.

**239**

abatement notices served

**112**

infringement notices issued.

## Sustainable farming

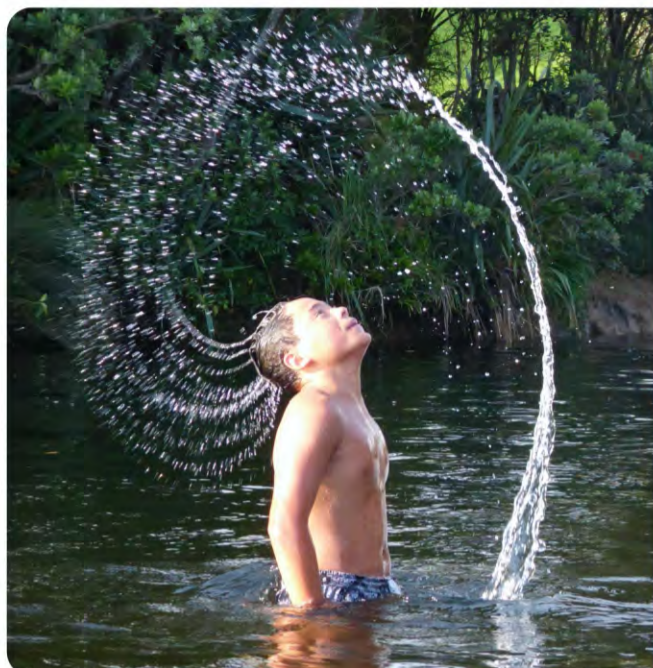
**450** sustainable land management plans, covering 67.5% of hillcountry land in private ownership.

**87%** hill country being managed sustainably





# Improving lifestyles




## Checking marine and river health

**99%** coastal beaches samples met MfE bathing guidelines during summer.

**80%** freshwater bathing site samples met MfE bathing guidelines during summer.

**47%** freshwater ecological sites show significant trends of improvement. None show significant decline.

**73%** nutrient measures at representative surface water sites stable or improving (since 1995).


 widespread improvement in stream health



## Yarrow Stadium

securing the future of Taranaki's international stadium

## Assisting Puke Ariki, heritage and culture

 Funding two major projects at Puke Ariki and one at Aotea Utanganui Museum of South Taranaki.

## Ensuring clean air

Taranaki's air quality is good, with negligible contribution from human activities.



## Public bus services and transport

**4%** increase in passengers on region's public transport. 649,874 total trips.


**49,000** subsidised Total Mobility passenger trips

**\$65,000** for Ironside Vehicle Society to carry people with disabilities.



## World-class gardens

**147,461** Visitors to Tūpare, Pukeiti and Hollard Gardens


 Tūpare awarded NZ Gardens Trust highest 6-star rating

# Taking Taranaki forward




**Taranaki Regional Council** is made up of eleven publicly elected Councillors as follows: David MacLeod (Chairman), David Lean (Deputy Chairman), Michael Joyce, Donald McIntyre, Tom Cloke, Craig Williamson, Charlotte Littlewood, Neil Walker, Matthew McDonald, Michael Davey and Bev Raine.

## Connecting people

 advocacy for improving Forgotten World Highway (SH43), including sealing remaining 12 km

## Sound financial performance

 Council balance sheet remains very strong, with no public debt.

## Port Taranaki ownership


**\$9m** dividends from Council-owned Port Taranaki Ltd.



## Educating future generations

**8,206** students experienced class visits or field trips through the Council environmental education programme

**14** environmental champions recognized by Council environmental awards

 regional coordination of Enviroschools programme



## Building scientific knowledge

Range of resource investigations and applied research projects undertaken.

## Supporting community initiatives

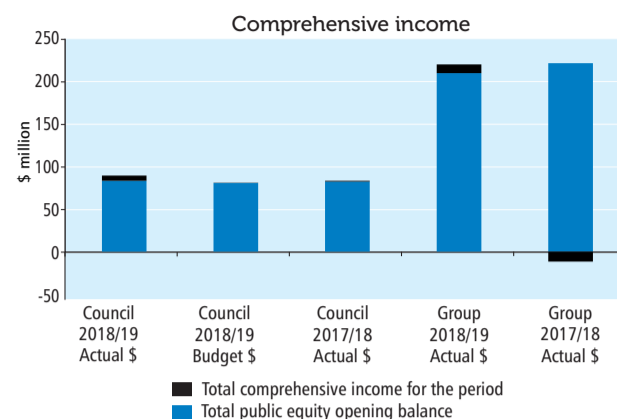
worked with Wild for Taranaki, iwi and grassroots community groups to improve Taranaki's biodiversity.





### Comprehensive revenue and expense

	Council 2018/19 Actual \$	Council 2018/19 Budget \$	Council 2017/18 Actual \$	Group 2018/19 Actual \$	Group 2017/18 Actual \$
Total expenses	31,349,965	31,984,018	26,607,482	64,942,803	57,200,250
Total income	35,460,705	31,923,762	26,276,063	74,122,046	66,372,062
Operating surplus/(deficit) before finance income and expenses and taxation	4,110,740	(60,256)	(331,419)	9,179,243	9,171,812
Finance income	390,969	300,000	398,416	437,156	421,589
Finance expense	-	-	-	(2,102,643)	(1,593,560)
Operating surplus before taxation	4,501,709	239,744	66,997	7,513,756	7,999,841
Gains/(losses) on revaluation of investment properties	1,132,500	-	810,000	1,132,500	810,000
Impairment of assets	-	-	-	-	(14,851,588)
Income tax expense	42,051	(10,000)	(1,446)	(3,540,037)	(3,537,446)
Net surplus/(deficit) for the period	5,676,260	229,744	875,551	5,106,219	(9,579,193)
Items that may be reclassified subsequently to profit and loss when specific conditions met.					
Impairment of assets	-	-	-	-	(2,438,400)
Revaluation of property, plant and equipment	319,972	-	86,312	4,853,477	86,312
Change in cash flow hedge	-	-	-	197,813	258,490
Total comprehensive income for the period, net of tax	5,996,232	229,744	961,863	10,157,509	(11,672,791)



### Changes in net assets/equity

The Council's equity grew by \$6m in 2018/2019 to \$88.8m. At a Group level, the total community ownership of the Council and the Group grew by \$10.2m to \$218.7m.

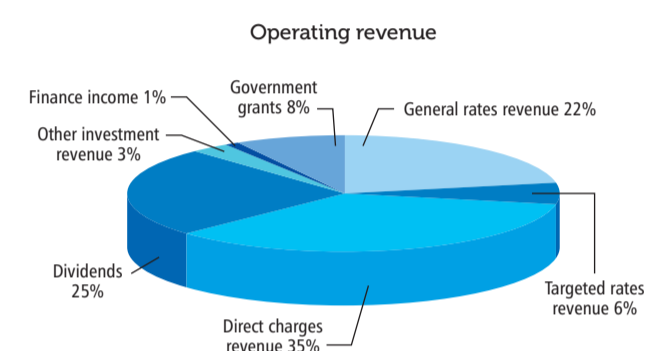
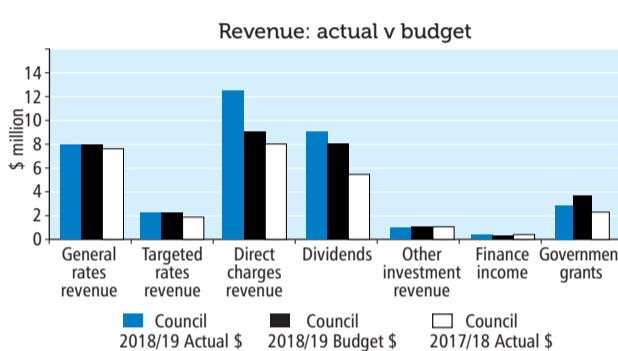
The Council's total equity of \$88.8m (Group - \$218.7m) is made up of retained earnings \$69.7m (Group - \$137.1m), special purpose reserves \$14.3m (Group - \$14.3m) and asset revaluation reserves \$4.8m (Group - \$68.1m). The Group also has a cash flows hedge reserve of \$0.79m (debit).

### Comprehensive income

The Council made a net operating surplus (other comprehensive income) of \$5,996,232 (2017/2018, \$961,863) compared to a budgeted surplus, before transfers to and from reserves, of \$229,744. The entire operating surplus is from continuing activities.

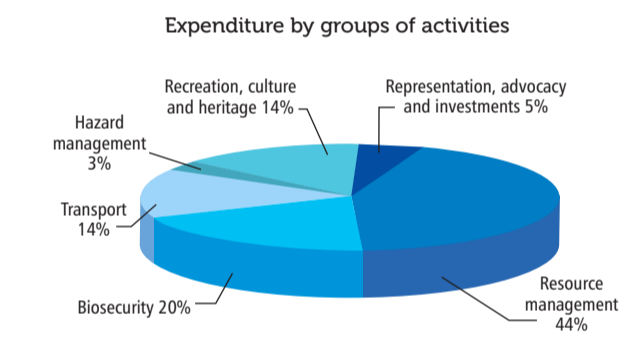
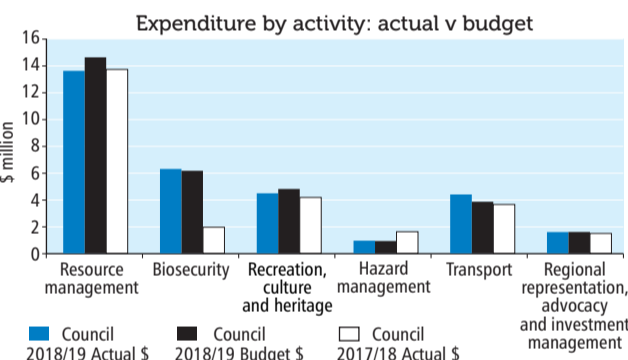
### Revenue

Total Council only revenue (including finance income) was above budget by \$3,627,912.



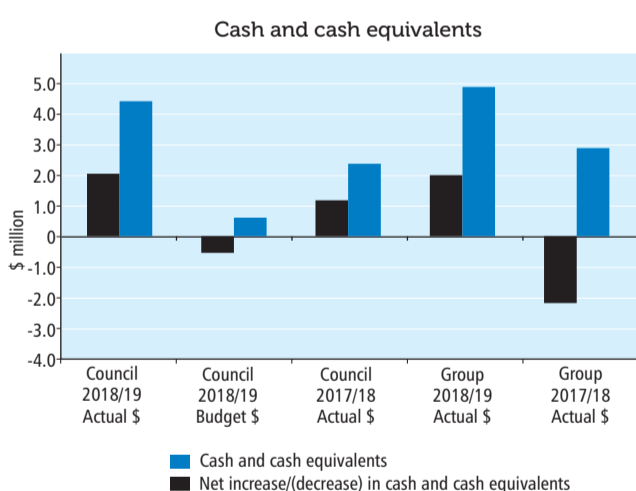
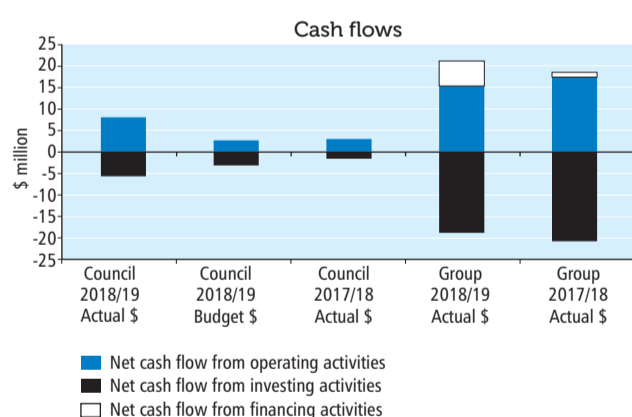
### Expenditure

Council only operating expenditure was over budget for the year by \$634,053. There were many small ups and downs across the Council's budgets.



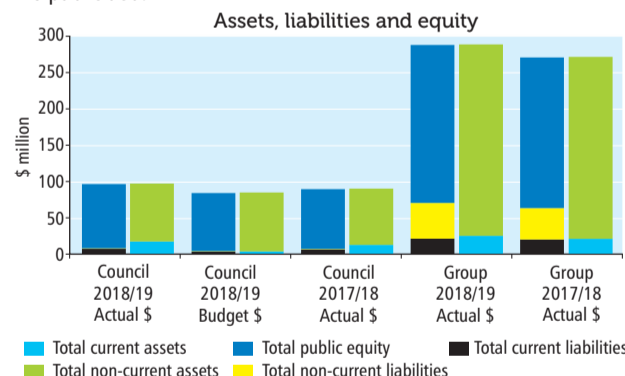
### Cash flows

The Council's cash and cash equivalents increased by \$2,358,662 during the year. Net cash inflows from operating was \$7.26m, whilst net cash outflows from investing activities was \$5.22m. At a Group level cash balances increased by \$2.8m to \$4.8m in total.



### Financial position as at 30 June 2019

The Council's assets grew by \$7.0m for the Council and by \$17.3m for the Group. Liabilities increased by \$1.02m for the Council and increased by \$7.1m for the Group. The Council continued to have no 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 2018/2019 Annual Report dated 1 October 2019. The Council received an unmodified audit opinion. The Group received a qualified audit opinion due to the limited audit procedures able to be performed over the Yarrow Stadium stands asset value as at 30 June 2019. The opinion was dated 1 October 2019. The financial statements are presented in New Zealand dollars. The Summary Annual Report was adopted and authorised by the Taranaki Regional Council on 1 October 2019.

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.

During the 2017/2018 year, detailed seismic assessments were completed on the East and West Stands of Yarrow Stadium. The assessments indicated that the East Stand was 10% of new building standard and the West Stand was 20% of new building standard. As such both stands were earthquake prone buildings and were closed from use.

The West Stand increased to 45% of new building standard if the seats were closed to public use and only the facilities at the top of the stand used. At 45% of the standard, the stand was not considered earthquake prone and could be used again, with the public excluded from the seats. The total carrying value of the East and West Stands before the recognition of impairment loss amounted to \$19,726,399.

Based upon knowledge as at 30 June 2018, the level of impairment was assessed at 50% for the West Stand (excluding the new hospitality area which was fully operational) and 90% for the East Stand.

The total value of the impairment loss of the East and West Stands for the year ended 30 June 2018 was \$15,514,988. \$10,049,235 of the impairment was reversed against previous building revaluations recorded in the asset revaluation reserve, with the remaining balance of \$5,465,753 recognised in surplus or deficit.

The Trust is committed to the repair of the stands and the investigations on the repair options has been completed. The Taranaki Regional Council has approved the repair and refurbishment of Yarrow Stadium. The project will include repairs to the earthquake-prone grandstands and consequential changes. Other important refurbishments include additional food and beverage outlets, toilets, technology upgrades, LED pitch lighting, improvements to the car park and gates, new South Terrace seating and the reinstatement of Field 1. Detailed designs for different components of the project are being drawn up by engineering consultants, and a project manager appointed to oversee the project.

This work essentially restores what existed, with essential updates. The estimated cost is \$48 million, with a contingency allowance of \$2 million which will be funded by a 25 year loan through Taranaki Regional Council.

Work to implement the fixes will commence in the 2019/2020 year. As at 30 June 2019 the carrying amount of the relevant buildings is appropriate and no further impairment recognised in the 2018/2019 year.

The Taranaki Regional Council and Taranaki Stadium Trust have contingent liabilities of \$58,000 as at 30 June 2019 (\$58,000 - 2017/2018). This relates to land purchases as part of the Opunake Flood Control Scheme. For the Group, there have been no material events subsequent to balance date.