

Meeting the challenges

Taranaki Regional Council Summary Annual Report 2021/2022



David MacLeod, Chairman
Taranaki Regional Council

Kia ora koutou, welcome to the Taranaki Regional Council 2021/22 Summary Annual Report, our look-back at the Council's achievements over the last year.

Improving lifestyles, taking Taranaki forward and supporting livelihoods are at the heart of everything we do, as we work towards our mission of a thriving and prosperous Taranaki. Our focus remains on working collaboratively with tangata whenua and our community to preserve our environment now and for future generations.

We work to make our mission a reality every day: restoring native habitats, checking the health of our rivers, supporting sustainable farming, promoting riparian planting, controlling predators and pest plants, providing public transport, maintaining the world-class Pukeiti, Tūpare and Hollard Gardens, monitoring rainfall, investing in Yarrow Stadium and much more.

Figures from the 2021/22 financial year show efforts to safeguard our environment by working together with our community continued with the addition of 30 new comprehensive farm plans and 24 biodiversity plans prepared for Key Native Ecosystems. We provided more than 418,000 plants for land owners to plant along the region's rivers and streams, meaning that some 4,631km of streams have now been planted – a rise of around 700km of riparian planting on the year before.

We published a handy guide called Weedbusters Taranaki to help Taranaki folk root out rogue plants and carried out more than 660 property inspections to control pest plants. Our Taranaki Taku Tūrangā Towards Predator-Free Taranaki programme continues to grow and support livelihoods with an additional 23,000ha in Ōpunake and Oeo added to the zone for controlling stoats, weasels and ferrets (mustelids).

To ensure we're meeting our commitment as tuari (steward) of Taranaki and safeguarding people and resources from natural and other hazards, we monitor rivers, streams, wetlands and other habitats. We investigated nearly 600 environmental incidents in 2021/22 and carried out 1,600 dairy effluent compliance inspections.

It's no fluke that Taranaki has a lifestyle that's second to none in Aotearoa: our long-term investment in projects, amenities and services continues to improve lifestyles and contribute to the well-being of the 120,000 people who live in our region. Following a downturn caused by the Covid-19 restrictions, public transport usage is rebounding and there was a 40% rise in passengers using the South Taranaki to New Plymouth Connector Service.

Pukeiti, Tūpare and Hollard Gardens visitor numbers were also impacted by the pandemic and have started to recover with 110,000 visits. The redevelopment of Yarrow Stadium gathered pace with the demolition of the East Stand, the installation of international-quality hybrid turf and new LED lights and continued repair work on the West Stand.

The Council has recorded a surplus of \$2.6m. This was significantly ahead of budget and strongly and favourably influenced by property and asset revaluations (\$1.8m) and the non-commencement of expenditure on the Waitara River catchment (following enactment of the New Plymouth District Council (Waitara Lands) Act 2018) and the Kaitake Trail Te Ara a Ruhihierapini. Excluding these extraordinary influences, the budget ran close to plan, a pleasing result.

While the facts and figures show how the Council is making a tangible difference, a massive focus is planning for the future and ensuring we can meet the challenges that the reforms being rolled out by central Government will bring.

From Essential Freshwater to Three Waters to the replacement of the Resource Management Act to name but a few, change is a constant and will have a direct impact on how we deliver services to the community in the future. Some of these changes are already in place while many others will come into effect over the next few years and we are doing the hard yakka to ensure we're ready. In 2021/22, we've focused on starting to implement the freshwater reforms but also laid the foundations for the future with work developing our Natural Resources Plan for Taranaki which will set the rules for how we look after freshwater, air and soil.

A key focus has been to improve how we work with Māori. A new Heads of Agreement with the eight iwi of Taranaki detailing how we can work together collaboratively to advance development of a new Natural Resources Plan and the move to introduce a Māori constituency for the 2022 local elections are just two of the ways in which we are creating a platform for a new improved working relationship in the future.

The elections will also see change for Council with my decision and Deputy Chair Michael Joyce's decision not to stand again. I have been on the Council for 22 years and been chair since 2007 while Michael has been on Council for 15 years. We also acknowledge the efforts and achievements of Council staff and all of our elected members over the last year.

A new Council will be elected in October to lead the organisation on the next stage of our journey.

David MacLeod, 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 2022

The summary of the consolidated annual report was derived from the annual report of the Taranaki Regional Council (the Regional Council) and its subsidiary and controlled entity (the Group) for the year ended 30 June 2022.

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 2022;
- 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 2022;
- 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 information and a qualified opinion on the Group financial statements that we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 20 September 2022.

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 an assurance engagement on trustee reporting, which is compatible with those independence requirements. Other than this engagement 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
20 September 2022



110,000

visits to Tūpare,
Pukeiti and Hollard
Gardens

Microbiological monitoring

17 marine sites

19 freshwater sites

Enforcing environmental standards

 **531**
environmental
incidents
investigated

103 infringement
notices issued

147 abatement
notices issued



Taranaki Our Place

State of the Environment
Report published June 2022

Taranaki at a glance

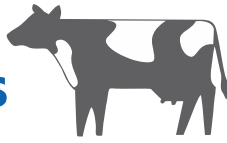


Sustainable land management

30 comprehensive farm
plans prepared

217,469 ha

hill country covered by
sustainable and land
management plans

1,600 inspections 
for dairy effluent
compliance monitoring

 **392** compliance
inspections
of small industrial operations


**Habitat
protection** 

24 biodiversity plans
prepared for key
native ecosystems

59 significant wetlands
formally protected



Ensuring clean air

99% 
air-discharge
consent-holders with 'good'
or 'high' consent compliance

Environmental heroes

16 
recognised at annual
Environmental Awards

 **15**
submissions made
on key policy issues



Environmental education

11,000 
tamariki and rangatahi
participated in education
programmes



167,000
visits to TRC website

 **99%**

'good' or 'high' level of compliance and performance for major consents



Pest plants

660

property inspections to control pest plants

233

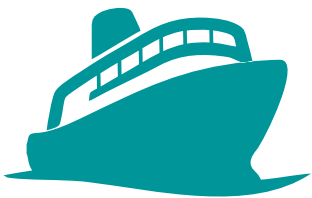
sites with eradication pest plants identified

233

infestations controlled



Marine oil spill exercises



Port Taranaki

1,100 vessel movements through Port Taranaki

\$8m

Port Taranaki dividend



Predator-free programme

22,918 ha

additional area added this year

353 responses to public for help controlling pests



73 biosecurity checks at identified sites 

Public transport



40%

rise in passengers using South Taranaki to New Plymouth Connector service

43,632

Total Mobility Scheme passenger trips made

544,588

Passengers used public transport



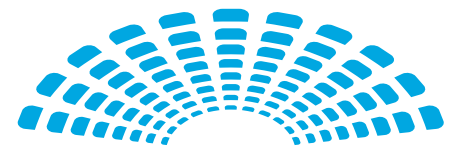
Planting and fencing streambanks



418,312 plants

provided for sustainable land management

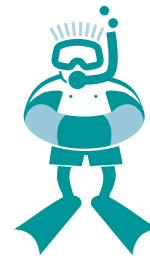
6,065 km of stream banks now fenced



Yarrow Stadium redevelopment

\$10m

additional "shovel ready" Covid infrastructure funding secured 



95%

Coastal beaches met bathing guidelines

51



weather warnings received



Sustainable land management

501

comprehensive farm and agroforestry plans

840

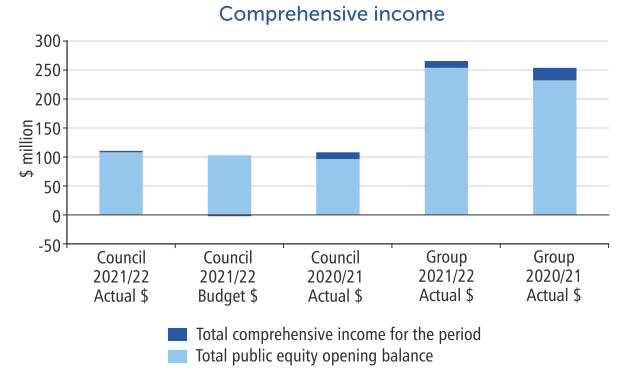
hill country farms have plans in place



31 river control projects undertaken

Comprehensive revenue and expense

	Council 2021/22 Actual \$	Council 2021/22 Budget \$	Council 2020/21 Actual \$	Group 2021/22 Actual \$	Group 2020/21 Actual \$
Total expenses	41,220,878	49,667,978	41,208,088	78,561,040	75,958,187
Total income	41,594,543	47,208,154	50,328,557	92,114,983	93,108,901
Operating surplus/(deficit) before finance income and expenses and taxation	373,665	(2,459,824)	9,120,469	13,553,943	17,150,714
Finance income	558,150	647,417	295,970	406,339	276,672
Finance expense	(207,031)	(472,417)	(21,118)	(853,640)	(920,831)
Operating surplus before taxation	724,784	(2,284,824)	9,395,321	13,106,642	16,506,555
Gains/(losses) on revaluation of buildings	-	-	-	(1,296,058)	-
Gains/(losses) on revaluation of investment properties	1,144,000	-	2,056,000	1,144,000	2,056,000
Impairment of assets	-	-	-	(91,939)	(161,738)
Income tax expense	67,917	(10,000)	37,240	(4,040,721)	(3,565,332)
Net surplus/(deficit) for the period	1,936,701	(2,294,824)	11,488,561	8,821,924	14,835,485
Items that may be reclassified subsequently to profit and loss when specific conditions met.					
Revaluation of property, plant and equipment	675,360	-	122,190	1,812,360	6,607,560
Change in cash flow hedge	-	-	-	1,180,954	295,558
Total comprehensive income for the period, net of tax	2,612,061	(2,294,824)	11,610,751	11,815,238	21,738,603



Changes in net assets/equity

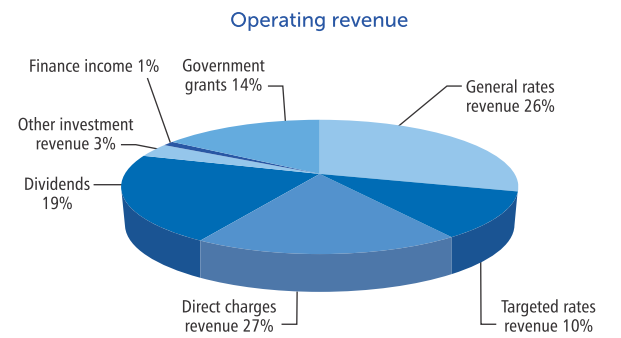
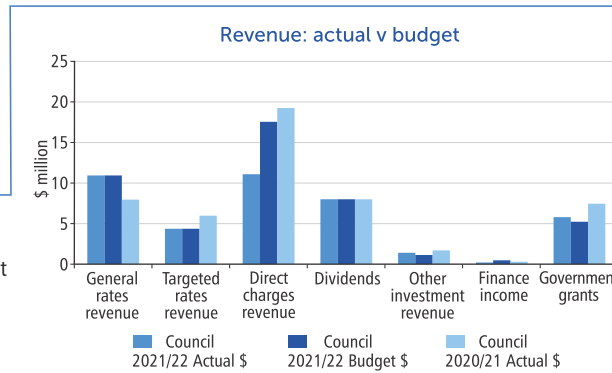
The Council's equity grew by \$2.61m in 2021/2022 to \$110.6m. At a Group level, the total community ownership of the Council and the Group grew by \$11.8m to \$265.6m. The Council's total equity of \$110.6m (Group – \$262.6m) is made up of retained earnings \$73.1m (Group – \$155.9m), special purpose reserves \$31.4m (Group – \$31.4m), asset revaluation reserves \$6.0m (Group – \$76.8m) and a cashflow hedge reserve of nil (Group – \$1.5m).

Comprehensive income

The Council made a net operating surplus (other comprehensive income) of \$2.6m (2020/2021 \$11.6m) compared to a budgeted deficit, before transfers to and from reserves, of \$2.3m. The entire operating surplus is from continuing activities.

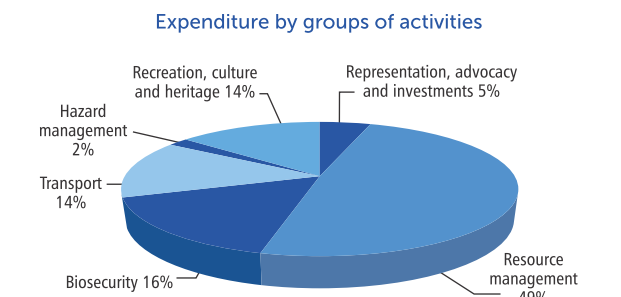
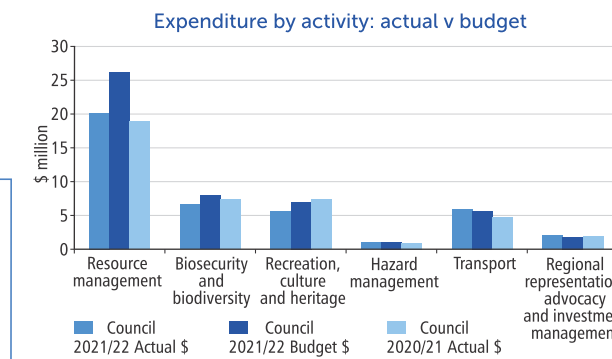
Revenue

Total Council only revenue (including finance income) was under budget for the year by \$5.7m.



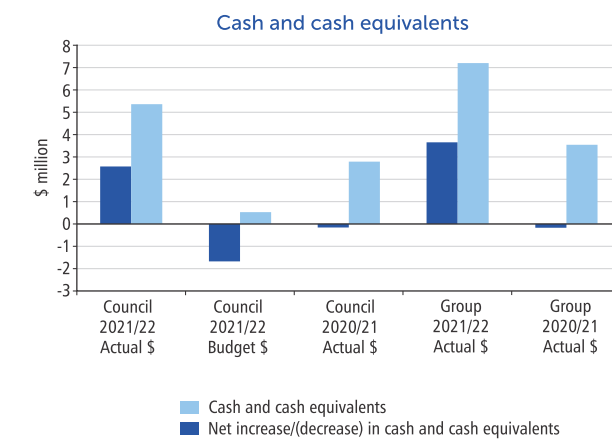
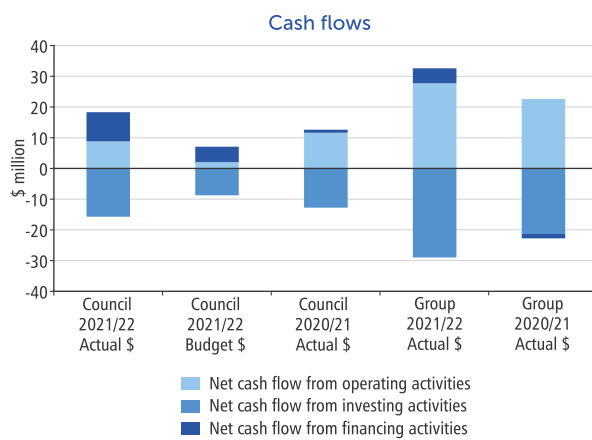
Expenditure

Total Council only operating expenditure (including finance expense) was under budget for the year by \$8.7m.



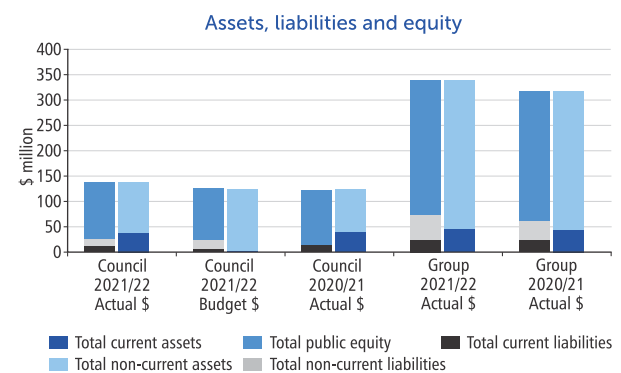
Cash flows

The Council's cash and cash equivalents increased by \$2.57m during the year. Net cash inflows from operating activities was \$8.8m, net cash outflows from investing activities was \$15.7m and net cash inflows from financing activities was \$9.5m. At a Group level cash balances increased by \$3.65m to \$7.2m in total.



Financial position as at 30 June 2022

The assets grew by \$14.95m for the Council and by \$21.8m for the Group. Liabilities increased by \$12.3m for the Council and increased by \$10.0m for the Group. The Council has \$14.5m 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 2021/2022 Annual Report dated 20 September 2022. The Council received an unmodified audit opinion. The Group received a qualified audit opinion due to uncertainties over the carrying value of building assets for Yarrow Stadium in prior year. The opinion was dated 20 September 2022. The financial statements are presented in New Zealand dollars. The Summary Annual Report was adopted and authorised by the Taranaki Regional Council on 20 September 2022.

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.

Yarrow Stadium land and buildings were valued as at 30 June 2022 by TelferYoung Taranaki (Limited) and were adjusted in the financial statements, for the year ending 30 June 2022, to reflect this revaluation. Due to both the eastern and western stands being compromised in terms of earthquake strength the valuers have considered the impairment of the stadium assets. The East Stand has been demolished and will be replaced. The West Stand has been repaired. The total fair value of the Taranaki Stadium Trust land and buildings valued at 30 June 2022 was \$30,279,800.

The Trust is committed to the reinstatement of the stands. The Taranaki Regional Council has approved the repair and refurbishment of Yarrow Stadium. The project will include repairs to the West Stand and demolition and replacement of the East Stand. The repair of the West Stand and the installation of the new sports field and LED lights are complete. The demolition of the East Stand is complete and construction of the new East Stand has commenced.

The estimated total cost is \$70 million, which will be funded by a \$30m "shovel ready" grant from the Government and a 25 year loan through Taranaki Regional Council.

The Taranaki Regional Council has contingent liabilities of \$58,000 as at 30 June 2022 (\$58,000 - 2020/2021). This relates to land purchases as part of the Ōpunake Flood Control Scheme. As at 30 June 2022, the Council has a contingent asset for fines waiting to be awarded on one prosecution through the Environment Court (2020/2021: one).

Events subsequent to balance date: For the Council, there have been no material events subsequent to balance date. For the Port, on 12 September 2022, the Board resolved to pay a fully imputed final dividend of \$4.0 million at 7.69 cents per share on 11 October 2022. For the Trust, a property was purchased on Maratahu Street, New Plymouth for \$1.15m and the Stadium became operational on 3 September 2022 (2020/2021 Nil).