

Moving forward as change unfolds

Taranaki Regional Council Summary Annual Report 2019/2020



David MacLeod,
Chairman
Taranaki Regional Council

We are pleased to present the Taranaki Regional Council's Summary 2019/2020 Annual Report.

The year brought unprecedented and extraordinary challenges for the region, the nation and the world. The impacts of COVID-19 will be felt for the foreseeable future but it's reassuring that the Council finished the 12 months to 30 June in good financial shape and with most operational targets achieved or exceeded. We remain committed to supporting livelihoods, improving lifestyles and taking Taranaki forward.

COVID-19 and its impacts

The Council was able to deliver the majority of its core services during the national lockdown period from March to May, with no significant technical or logistical issues around staff working from home.

We saw a significant impact on public transport operations, but passenger numbers and farebox returns are beginning to recover.

A \$20m 'shovel-ready' grant has been secured for the Yarrow Stadium repair and refurbishment project. This project is discussed in more detail below.

Freshwater quality & riparian programme

Freshwater ecological health continues its improving trend in the region. As has been independently confirmed by NIWA, a significant contributor to this improvement is the region's world-scale and non-regulatory riparian management programme, which is ever closer to full implementation. During the year to 30 June 2020, participating farmers voluntarily:

- Took delivery of almost 600,000 Council-supplied native plants for riparian protection – a record number despite COVID-19 restrictions.
- Completed 338km of new fencing, taking total of new fencing to 5,386km.
- Completed 444km of new planting taking the total of new planting to 3,553km.

Taking pre-existing protection into account, total streambank fencing is now 14,174km and the total vegetated where recommended is now 9,419km.

The Riparian Management Programme places the region in good stead as the Government rolls out its 'Action for Healthy Waterways' initiative. Already, new requirements are adding complexity and cost to the resource consenting process and consent compliance, as well as ratepayer-funded environmental monitoring.

It's disappointing to see one-size-fits-all national regulations that are unlikely to result in much more progress, despite

their cost to the region. But we can't ignore them. We have a history of meeting challenges with the most effective and pragmatic solutions that suit this region. Now we must do it again.

In the meantime, we're looking forward to a positive and fruitful partnership with iwi and hapū as we work together to improve the health of Waitara River and its catchment. Under recent legislation, a portion of Waitara endowment land proceeds is directed to this Council for this specific purpose. A joint committee arrangement involving relevant iwi and hapū authorities will decide on use of the funds, which continued to accumulate during the year. Committee arrangements were still being finalised as the year ended.

Towards Predator-Free Taranaki – Taranaki Taku Tūrangā

The ground-breaking Towards Predator-Free Taranaki project is leading the way nationally with its work to restore native bush and wildlife by removing predators from urban, rural and conservation land.

Launched in May 2018, it has attracted support from rural and urban residents, iwi, community organisations and schools, with innovative tools and methods deployed to eradicate possums, rats and mustelids (stoats, ferrets and weasels) from different landscapes.

Thousands of traps have been rolled out across the region – around 12,000 in New Plymouth alone – with the majority maintained by private landowners and volunteers. Early indications are they are making a real difference.

Yarrow Stadium

The \$20m 'shovel-ready' grant to the Yarrow Stadium repair and refurbishment project is great news for the region and its ratepayers, who can expect a reduction of just over 40% in their Yarrow Stadium rates from July 2021.

Works were put on hold during the lockdown while we conducted a thorough review of the project in the light

End of an era

The end of the 2019/2020 year brought a significant milestone with the retirement of Basil Chamberlain, the Council's Chief Executive since its establishment in 1989.



Basil was fully committed to the region for all of those 30 years and made an extraordinary contribution. The region has benefited immensely from his powerful intellect and his superb ability to strategise and develop robust and effective processes and programmes.

We wish Basil well in his retirement, and we welcome Steve Ruru as the new Chief Executive. Steve is due to take up the role in early October, having previously served as Chief Executive of Southland District Council, Kaipara District Council and Thames-Coromandel District Council.

of changing circumstances. The review gave us a clearer understanding of the stadium's prospects.

Work on the project began ramping up again shortly after the end of the financial year. The first priority is repairing the West Stand, with announcements pending on other aspects. We remain committed to restoring the venue's status as the nation's top regional venue.

Strong financial position

The Council finished the 2019/2020 financial year with a surplus of \$7.5m. This result was strongly and favourably influenced by property and asset revaluations (\$1.4m), and a lack of expenditure on the Waitara River and its catchment (see above). Excluding these extraordinary influences, the budget ran as planned, a pleasing result.



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 2020

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 2020.

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 2020;
- 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 2020;
- 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 2020 in our auditor's report dated 22 September 2020.

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
22 September 2020

Supporting livelihoods



Planting and fencing streambanks

6.2m plants put along streams by landowners. Almost 600,000 this year along 444.7 km.

88.1% riparian plan streambanks protected with fencing

76.3% riparian plan streambanks protected with vegetation.

Prepared for nature's extremes

2065 year to which climate change predictions were factored into design of recently upgraded Lower Waiwhakaiho and Lower Waitara Flood Protection Schemes.

100% performance rating standard to which all flood schemes were maintained in 2019/2020.

4 Councils make up the Taranaki Civil Defence Emergency Management Group, whose meetings are hosted and administered by the TRC.



Regulating use of natural resources

100%

resource consents processed in RMA timeframes for the past 20 years

Restoring native habitats



100%

improvement rate found in progress checks at 8 Key Native Ecosystems. Baseline assessments completed at another 36 sites.

24 new biodiversity plans covering 584 ha of ecologically important habitats on private land. Total of 155 plans covering 5708 ha.



Reporting environmental performance

120 major consent monitoring programmes publicly reported

98% 'high' or 'good' environmental performance for major consents.

94.8% dairy farms complied with consent conditions

 High level of environmental performance by industries and farming sector.



Removing predators and targeting pest plants

12,000 predator traps rolled out in urban New Plymouth and NPDC reserves to move Towards Predator-Free Taranaki

6.8% residual catch rate across self-help possum control programme, significantly reducing effects on biodiversity and agricultural production

1,246 inspections for pest plants.

Enforcing environmental standards

529 environmental incidents attended - control and cleanup initiated where required.

5 prosecutions launched

187 abatement notices served

105 infringement notices issued.

Sustainable farming

456 sustainable land management plans over 68% of private hillcountry land

87% hill country being managed sustainably



Improving lifestyles



Checking marine and river health

99% coastal beaches samples met MfE bathing guidelines over summer

80% freshwater bathing site samples met MfE bathing guidelines over summer

44% freshwater ecological sites show significant trends of improvement

75% nutrient measures at representative surface water sites stable or improving in recent years


 Consistent progress in waterway health



\$20m Yarrow Stadium

COVID-19 economic recovery funding secured for Stadium repair and refurbishment project

Assisting Puke Ariki, heritage and culture

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

Ensuring clean air **100%**

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



Public bus services and transport

25,072 passenger trips on the Hāwera-New Plymouth service

50,522 subsidised trips by 1701 Total Mobility cardholders

510,212 passenger trips on New Plymouth's Citylink urban service



World-class gardens

116,609 Visitors to Tūpare, Pukeiti and Hollard Gardens despite COVID-19

1370 rhododendron types at Pukeiti - up 86 on previous year

Taking Taranaki forward



Taranaki Regional Council is made up of eleven publicly elected Councillors pictured above with members of the executive team. Back row Cr Neil Walker, Fred McLay (Director – Resource Management), Cr Elvina Van Der Leden, Cr Craig Williamson, Cr Donald McIntyre, Cr Matthew McDonald, Stephen Hall (Director – Operations), Cr Tom Cloke, Mike Nield (Director – Corporate Services), Cr Charlotte Littlewood, Gary Bedford (Director – Environment Quality), Cr Michael Davey. Front row: David Lean, David MacLeod (Chairman), Michael Joyce (Deputy Chairman).

Port Taranaki ownership

\$8m dividends from Council-owned Port Taranaki Ltd.



Building scientific knowledge

7 National Science Challenges projects in which the Council is involved


Educating future generations



7,791 students experienced class visits or field trips through the Council environmental education programme

17 environmental champions recognized by TRC Environmental Awards
60 Taranaki schools and kindergartens in Council-supported EnviroSchools programme

Sound financial performance

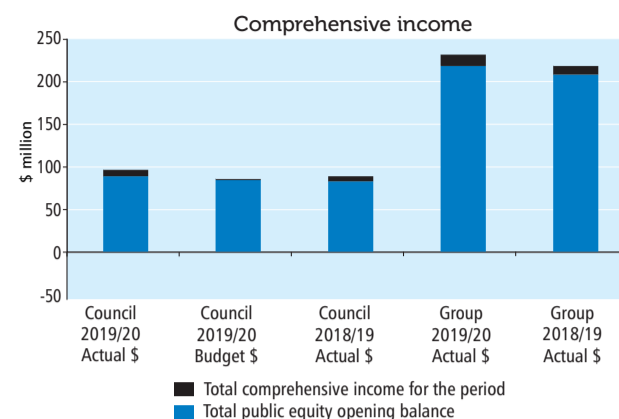
 Council balance sheet remains very strong, with only \$4m of public debt.

Speaking for the Taranaki region

22 submissions on policy initiatives of other agencies

Comprehensive revenue and expense

	Council 2019/20 Actual \$	Council 2019/20 Budget \$	Council 2018/19 Actual \$	Group 2019/20 Actual \$	Group 2018/19 Actual \$
Total expenses	37,833,073	45,093,287	31,349,965	69,443,903	64,942,803
Total income	43,525,435	43,919,781	35,460,705	87,305,985	74,122,046
Operating surplus/(deficit) before finance income and expenses and taxation	5,692,362	(1,173,506)	4,110,740	17,862,082	9,179,243
Finance income	411,873	3,286,719	390,969	384,508	437,156
Finance expense	(40,399)	(937,500)	-	(2,091,368)	(2,102,643)
Operating surplus before taxation	6,063,836	1,175,713	4,501,709	16,155,222	7,513,756
Gains/(losses) on revaluation of buildings	-	-	-	(1,890,148)	-
Gains/(losses) on revaluation of investment properties	1,046,000	-	1,132,500	1,046,000	1,132,500
Impairment of assets	-	-	-	(224,032)	-
Income tax expense	38,448	(10,000)	42,051	(3,303,082)	(3,540,037)
Net surplus/(deficit) for the period	7,148,284	1,165,713	5,676,260	11,783,960	5,106,219
Items that may be reclassified subsequently to profit and loss when specific conditions met.					
Revaluation of property, plant and equipment	387,562	-	319,972	767,562	4,853,477
Change in cash flow hedge	-	-	-	799,153	197,813
Total comprehensive income for the period, net of tax	7,535,846	1,165,713	5,996,232	13,350,675	10,157,509



Changes in net assets/equity

The Council's equity grew by \$7.5m in 2019/2020 to 96.4m. At a Group level, the total community ownership of the Council and the Group grew by \$13.3m to \$232.1m.

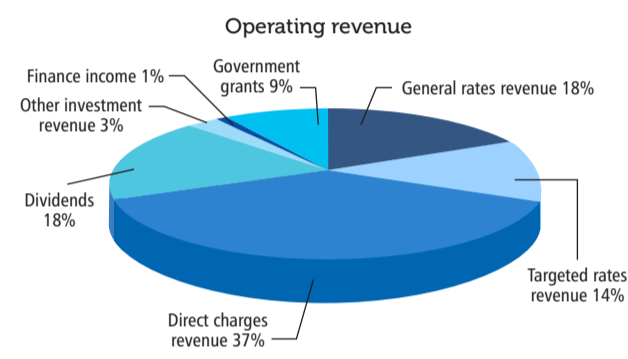
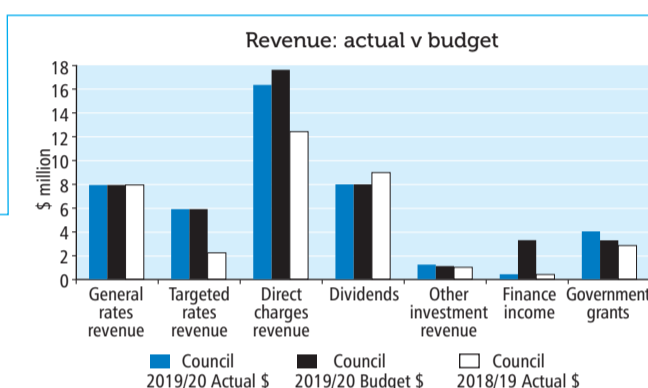
The Council's total equity of \$96.4m (Group – \$232.1m) is made up of retained earnings \$70.5m (Group – \$142.6m), special purpose reserves \$20.7m (Group – \$20.7m) and asset revaluation reserves \$5.2m (Group - \$68.9m).

Comprehensive income

The Council made a net operating surplus (other comprehensive income) of \$7,535,846 (2018/2019 \$5,996,232) compared to a budgeted surplus, before transfers to and from reserves, of \$1,165,713. The entire operating surplus is from continuing activities.

Revenue

Total Council only revenue (including finance income) was under budget for the year by \$3,269,192.

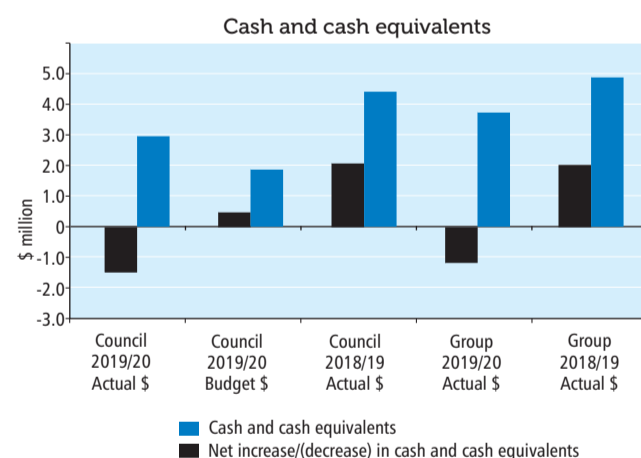
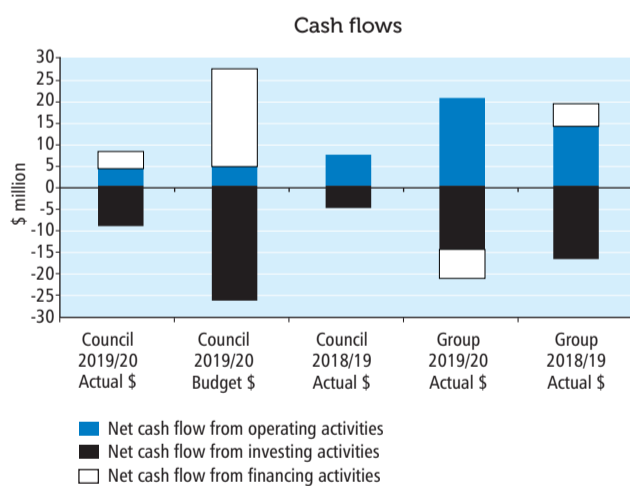
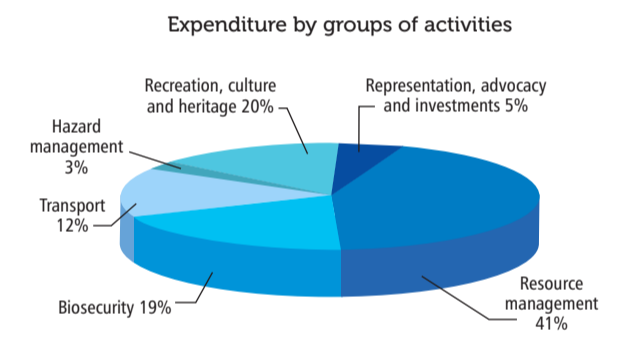
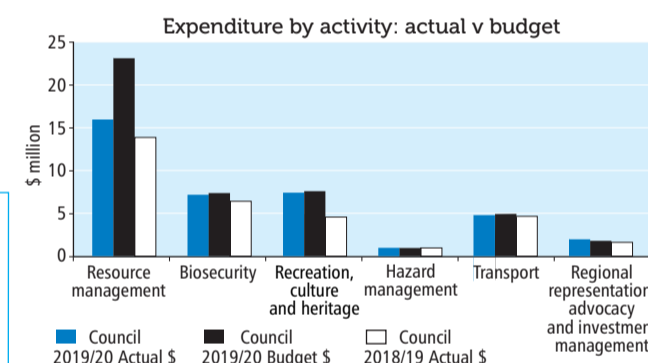


Expenditure

Total Council only operating expenditure (including finance expense) was under budget for the year by \$8,157,315.

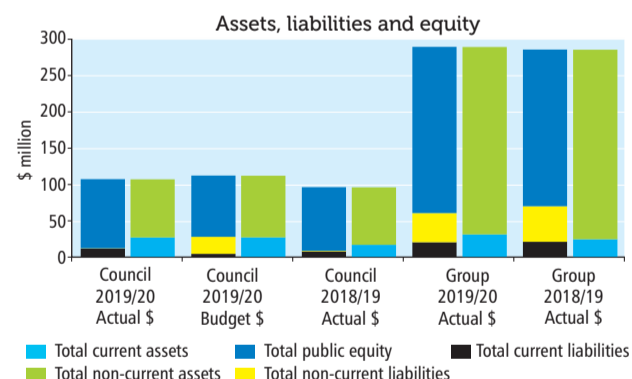
Cash flows

The Council's cash and cash equivalents decreased by \$1,448,582 during the year. Net cash inflows from operating activities was \$3.99m, net cash outflows from investing activities was \$9.44m and net cash inflows from financing activities was \$4.00m. At a Group level cash balances decreased by \$1.1m to \$3.7m in total.



Financial position as at 30 June 2020

The assets grew by \$11.2m for the Council and by \$3.9m for the Group. Liabilities increased by \$3.6m for the Council and decreased by \$9.5m for the Group. The Council has only \$4m 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 2019/2020 Annual Report dated 22 September 2020. 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 2020. The opinion was dated 22 September 2020. The financial statements are presented in New Zealand dollars. The Summary Annual Report was adopted and authorised by the Taranaki Regional Council on 22 September 2020.

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 2020 by TelferYoung Taranaki (Limited) and were adjusted in the financial statements, for the year ending 30 June 2020, 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. Due to the eastern stand not being able to be used at all and the cost to earthquake strengthen the building being similar to the unimpaired fair value, there is no value allocated to these improvements. As parts of the western stand are still useable the majority of its components have been valued at 20% of its unimpaired fair value. The total fair value of the Yarrow Stadium land and buildings valued at 30 June 2020 was \$12,992,178.

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.

This work essentially restores what existed, with essential updates. The estimated total cost is \$50 million, which will be funded by a \$20m "shovel ready" grant from the Government and a 25 year loan through Taranaki Regional Council.

A significant amount of work has been undertaken on the detailed investigations and design work ahead of going to market to seek contractors to undertake the work. Physical works to implement the fixes will commence in the 2020/2021 year.

The Taranaki Regional Council has contingent liabilities of \$58,000 as at 30 June 2020 (\$58,000 - 2018/2019). This relates to land purchases as part of the Opunake Flood Control Scheme. As at 30 June 2020, the Council has a contingent asset for fines waiting to be awarded on four prosecutions through the Environment Court (2018/2019: two).

Events subsequent to balance date: For the Council, it has received funding commitments from Crown Infrastructure Partners of \$20m for the Yarrow Stadium repair and refurbishment project and has agreed to sell an investment property for \$345,000 (2018/2019: Nil). For the Port, on 13 August 2020, the Board resolved to pay a fully imputed final dividend of \$3.50 million at 6.73 cents per share on 6 October 2020 (2018/2019: Nil). For the Trust, there have been no material events subsequent to balance date (2018/2019 Nil).