



David MacLeod,
Chairman
Taranaki Regional Council



Presentation of our Annual Report for 2020/2021 gives us an opportunity to reflect on progress amid a seemingly never-ending whirl of change.

The resilience and can-do attitude of the Taranaki community has served the region well as we all responded to the threats and challenges of COVID-19. At the same time, the Government continued fleshing out a number of significant initiatives that are set to transform the role and shape of local government in the next few years.

Against this backdrop, it's pleasing to report that the Council achieved or exceeded most operational targets for 2020/2021 and finished the year in a strong financial position. We were also able to start preparing to make the changes, some of them profound, needed to prepare the region for the future.

The 2020/2021 year saw good progress across the broad spectrum of programmes and activities. Notably, the Government provided significant and welcome fillips to several of our programmes in the form of post-COVID funding.

Riparian management gets a boost

A record 1 million plants were distributed to the region's farmers under the long-running Riparian Management Programme, thanks in part to a \$5 million funding boost via Jobs for Nature. The programme has so far seen just under 4,000km of streambank planted and more than 5,600km fenced.

Towards Predator-Free Taranaki also benefited from Jobs for Nature, with a \$750,000 grant allowing six extra positions to be created to foster greater engagement and support. The community has really taken ownership of this programme, resulting in the roll-out running ahead of schedule.

Yet another significant injection of Government funding saw the Yarrow Stadium Plus redevelopment project advance in leaps and bounds. Shortly after

the project won \$20 million in Government COVID-19 response infrastructure investment funding, repair work started on the West Stand (Noel and Melva Yarrow Stand). It was well under way by the end of the financial year, as was demolition of the TSB Stand ahead of construction of a new East Stand. Most other contracts have already been let. The aim is to have the Stadium available, with the West Stand open, for the 2022 winter sport season.

More and better bus services

It's also been a busy year for the public transport and transport planning teams. We were able to usefully engage with bus users and others as we prepared a new Public Transport Plan and long-term plan. Their messages were loud and clear: More and better bus services, and a decarbonised bus fleet. On both fronts, the Council has budgeted to work through the options in the 2021/2022 financial year.

Visitor numbers at Pukeiti, Tūpare and Hollard Gardens recovered strongly from the previous year's lockdown disruption. Hollard Gardens went from 21,673 to 24,041, Tūpare from 41,616 to 47,454 and Pukeiti from 53,320 to 68,217.

Our all-important 'bread and butter' work continued at a good pace. For the 21st year running, resource consent applications were all processed within Resource Management Act timeframes. Inspectors investigated 590 environmental incidents that were either self-notified or the subject of third-party complaints. More than 1,600 inspections were carried out as part of the annual dairy effluent compliance monitoring programme. Details of all these achievements and many others can be found in the full report at www.trc.govt.nz.

Long-Term Plan consultation

A major undertaking during the year was preparing the 2021/2031 Long-Term Plan, and consulting the community on it. An immediate priority is meeting

the new requirements rolling out under the Government's Essential Freshwater package. Implementing this will be one of the largest projects we have ever tackled.

Three Waters reforms

Meanwhile, the Three Waters reforms will have an impact on the work of all councils in New Zealand, and we are no exception. The Government has also set a cracking pace in its intention to replace the Resource Management Act which will also have profound implications for the way all councils work. We also intend to ensure that Taranaki's voice is heard in the Government's review of the future for local government.

The Council has also decided to introduce a Māori constituency. It seemed clear to Councillors that the majority of our community supports a move to better, more meaningful Māori representation around the Council table.

The Council finished the 2020/2021 financial year with a surplus of \$11.6m. This result was strongly and favourably influenced by property and asset revaluations (\$2.1m) and reserves of yet-to-be-spent funding for Waitara River catchment improvements (under terms of the Waitara Lands Act 2018) and the Kaitake Trail Te Ara a Ruhiiherapini. As noted, there were also significant injections of shovel-ready and Jobs for Nature post COVID-19 Government funding. 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 2021

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 2021.

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 2021;
- 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 2021;
- 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 2021 in our auditor's report dated 21 September 2021.

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.

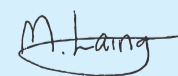
Auditor's responsibility

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 the Regional Council's long-term plan, trustee reporting and an agreed-upon procedures engagement for the purpose of assisting the Regional Council to report certain information to the Ministry for the Environment who provided funding to the Regional Council as outlined in the Freshwater Improvement Fund Deed of Funding, 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
21 September 2021

Supporting livelihoods



Planting and fencing streambanks

1m Just under 1m plants put along 362km streambanks this year

88.8% riparian plan streambanks protected with fencing

77.4% riparian plan streambanks protected with vegetation

Prepared for extreme events

2 flood warnings issued as a result of monitoring during 49 weather watches and warnings

5 main flood control schemes maintained



Regulating use of natural resources

100%

resource consents processed in RMA timeframes for the past 21 years



Restoring native habitats

176 Biodiversity Plans covering 6819 ha

21 new biodiversity plans covering 3365 ha of ecologically important habitats on private land



Reporting environmental performance

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

91.4% dairy farms complied with consent conditions



Removing predators and targeting pest plants

1 new rule added to Regional Pest Management Plan, requiring landowners to control mustelids

90% reduction in stoat numbers in Warea-Rāhotu

1st possum eradication trial in NZ over a mix of conservation, farming and urban land

1,489 inspections for pest plants

Enforcing environmental standards

590 environmental incidents attended

409 enforcement actions taken

Sustainable land management

464 sustainable land management plans covering 68.7% of private hillcountry land



Improving lifestyles



Can I swim here?

99% coastal beach bathing samples met MfE recreational guidelines over summer

86% freshwater bathing samples met MfE recreational guidelines over summer

Checking marine and river health

49% of macroinvertebrate sites showed improvement, 2% of sites showed a decline in health

11 river sites monitored monthly for a range of indicators of water quality and ecosystem health

Yarrow Stadium



45% reduction in targeted Yarrow Stadium rate following \$20m COVID recovery infrastructure investment by the Government

Ensuring clean air

98% air-discharge consent-holders with 'good' or 'high' consent compliance



World-class gardens

139,712 Visits to Tūpare, Pukeiti and Hollard Gardens up from just under 117,000 the previous year



Public bus services and transport

26,775 passenger trips on the Connector Hāwera-New Plymouth service up 6.8%

55,220 subsidised trips up by 1924 Total Mobility cardholders

548,870 Citylink passenger trips up 7.6%



Taking Taranaki forward

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



Educating future generations

8,000 tamariki reached in class visits and field trips

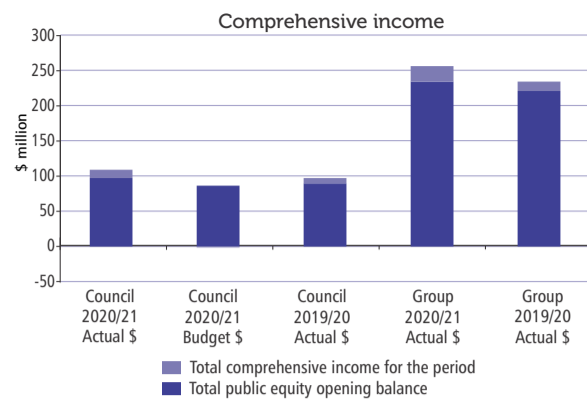
86 schools and preschools involved in environmental education

17 environmental champions recognised by TRC Environmental Awards

Taranaki Regional Council is made up of eleven publicly elected Councillors, David MacLeod (Chairman), Michael Joyce (Deputy Chairman), Cr David Lean, Cr Neil Walker, Cr Elvira Van Der Leden, Cr Craig Williamson, Cr Donald McIntyre, Cr Matthew McDonald, Cr Tom Cloke, Cr Charlotte Littlewood, Cr Michael Davey, with members of the executive team, Steve Ruru (Chief Executive), Fred McLay (Director – Resource Management), Daniel Harrison (Director – Operations), Abby Matthews (Director – Environment Quality), Mike Nield (Director – Corporate Services).

Comprehensive revenue and expense

	Council 2020/21 Actual \$	Council 2020/21 Budget \$	Council 2019/20 Actual \$	Group 2020/21 Actual \$	Group 2019/20 Actual \$
Total expenses	41,208,088	48,198,721	37,833,073	75,958,187	69,443,903
Total income	50,328,557	46,573,728	43,525,435	93,108,901	87,305,985
Operating surplus/(deficit) before finance income and expenses and taxation	9,120,469	(1,624,993)	5,692,362	17,150,714	17,862,082
Finance income	295,970	1,341,772	411,873	276,672	384,508
Finance expense	(21,118)	(1,041,772)	(40,399)	(920,831)	(2,091,368)
Operating surplus before taxation	9,395,321	(1,324,993)	6,063,836	16,506,555	16,155,222
Gains/(losses) on revaluation of buildings	-	-	-	-	(1,890,148)
Gains/(losses) on revaluation of investment properties	2,056,000	-	1,046,000	2,056,000	1,046,000
Impairment of assets	-	-	-	(161,738)	(224,032)
Income tax expense	37,240	(10,000)	38,448	(3,565,332)	(3,303,082)
Net surplus/(deficit) for the period	11,488,561	(1,334,993)	7,148,284	14,835,485	11,783,960
Items that may be reclassified subsequently to profit and loss when specific conditions met.					
Revaluation of property, plant and equipment	122,190	-	387,562	6,607,560	767,562
Change in cash flow hedge	-	-	-	295,558	9,153
Total comprehensive income for the period, net of tax	11,610,751	(1,334,993)	7,535,846	21,738,603	13,350,675



Changes in net assets/equity

The Council's equity grew by \$11.6m in 2020/2021 to \$107.9m. At a Group level, the total community ownership of the Council and the Group grew by \$21.7m to \$253.8m.

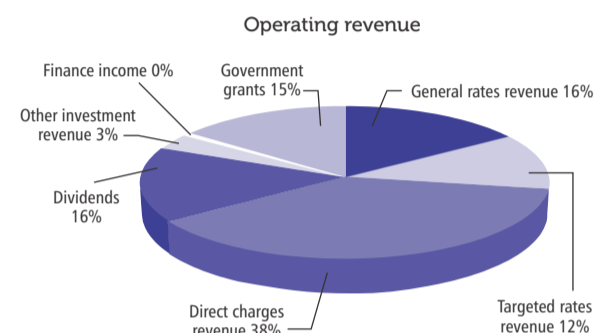
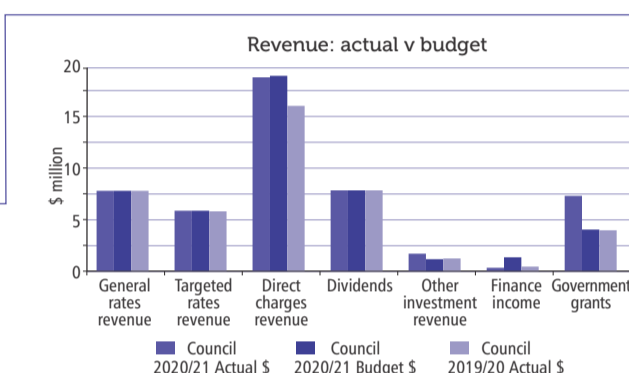
The Council's total equity of \$107.9m (Group – \$253.8m) is made up of retained earnings \$72.4m (Group – \$147.8m), special purpose reserves \$30.3m (Group – \$30.3m), asset revaluation reserves \$5.3m (Group – \$75.5m) and a cashflow hedge reserve of nil (Group – \$0.3m)

Comprehensive income

The Council made a net operating surplus (other comprehensive income) of \$11.6m (2019/2020 \$7.5m) compared to a budgeted deficit, before transfers to and from reserves, of \$1.33m. The entire operating surplus is from continuing activities.

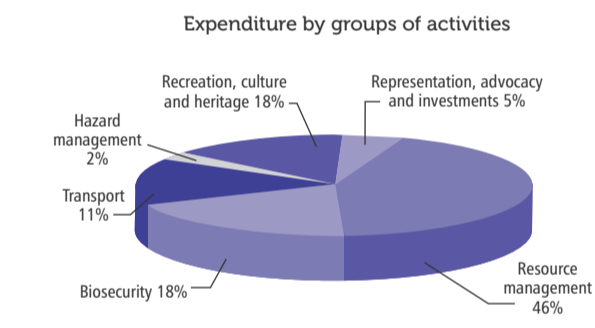
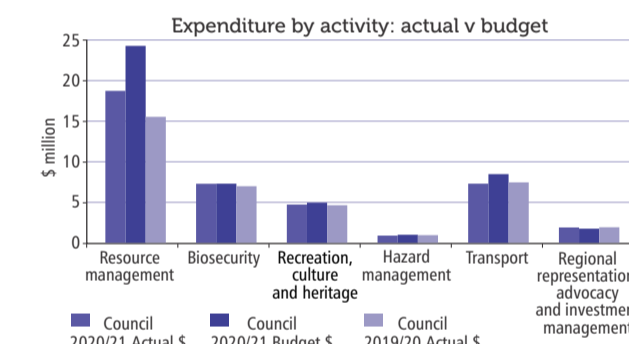
Revenue

Total Council only revenue (including finance income) was over budget for the year by over \$2.7m.



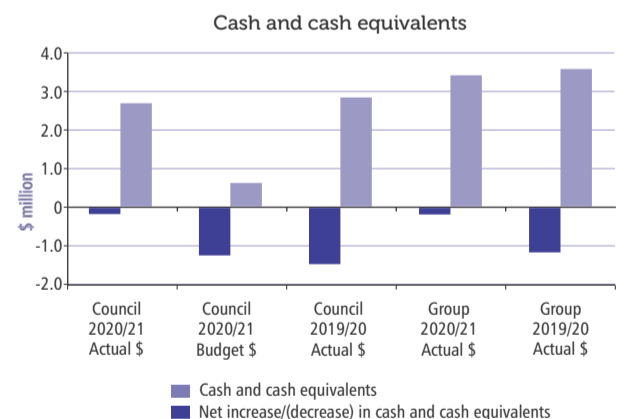
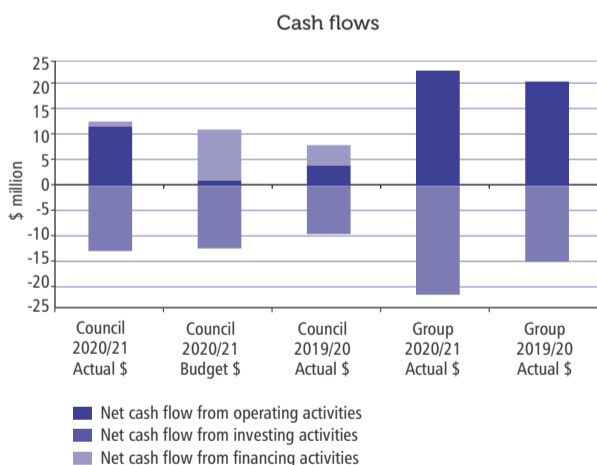
Expenditure

Total Council only operating expenditure (including finance expense) was under budget for the year by \$8.0m.



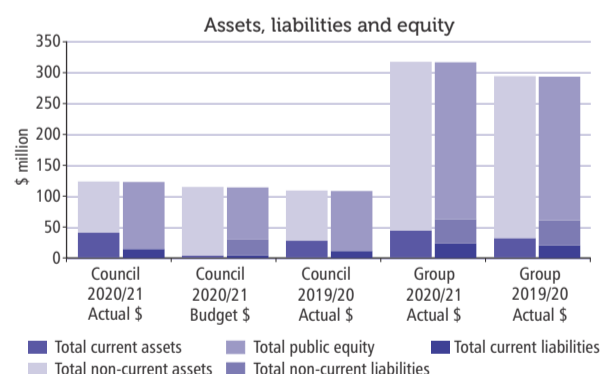
Cash flows

The Council's cash and cash equivalents decreased by \$0.16m during the year. Net cash inflows from operating activities was \$11.6m, net cash outflows from investing activities was \$12.8m and net cash inflows from financing activities was \$1.0m. At a Group level cash balances decreased by \$0.17m to \$3.5m in total.



Financial position as at 30 June 2021

The assets grew by \$14.6m for the Council and by \$23.2m for the Group. Liabilities increased by \$2.99m for the Council and increased by \$1.5m for the Group. The Council has only \$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 2020/2021 Annual Report dated 21 September 2021. 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 2021. The opinion was dated 21 September 2021. The financial statements are presented in New Zealand dollars. The Summary Annual Report was adopted and authorised by the Taranaki Regional Council on 21 September 2021.

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 East 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. The East Stand is in the process of being demolished and replaced. 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 2021 was \$19,689,233.

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 West Stand and demolition and replacement of the East Stand. 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.

Physical works to implement the fixes commenced in the 2020/2021 year.

The Taranaki Regional Council has contingent liabilities of \$58,000 as at 30 June 2021 (\$58,000 - 2019/2020). This relates to land purchases as part of the Opunake Flood Control Scheme. As at 30 June 2021, the Council has a contingent asset for fines waiting to be awarded on one prosecution through the Environment Court (2019/2020: four).

Events subsequent to balance date: For the Council, there have been no material events subsequent to balance date (\$20m shovel-ready Government funding for Yarrow Stadium 2019/2020). For the Port, on 12 August 2021, the Board resolved to pay a fully imputed final dividend of \$4.0 million at 7.69 cents per share on 11 October 2021. For the Trust, there have been no material events subsequent to balance date (2019/2020 Nil).