



At a time when many sectors of the regional community are facing increased pressures, all of us at the Taranaki Regional Council are more mindful than ever of our responsibility to be as efficient as possible in our mission to work for a thriving and prosperous region.

In that regard, we believe the 2015/2016 Annual Report is good reading. It's satisfying to report that the Council has again finished the year in a strong financial position and we remain one of the lowest-rating local authorities in the country.

There's been good progress in our core activities:

### **Environmental protection and resource use**

Results of the Council's state of the environment monitoring continue to prove encouraging, most especially for Taranaki's crucial freshwater resource. The latest trends for ecological health and the physical-chemical state of our rivers and streams show most measures are improving or not changing significantly, and are again the best since measurements began.

The Council's flagship freshwater project, the Riparian Management Programme, goes from strength to strength. By the end of June 2016, more than 4.3 million native plants had been supplied to landowners since the scheme began in 1996. Just about all of Taranaki's 1,800 dairy farms – 99.5% of them – have riparian plans. Across the whole region, there are nearly 2,500 plans covering 14,500km of streambank. Plan holders have fenced 84.4% of their streams, and protected 69.5% with planting. It's most heartening to see farmers' consistent support for and commitment to this programme, even during challenging economic times.

The Council is taking a broadly similar approach to the protection and enhancement of key ecological treasures

such as wetlands and bush remnants on private land – with a similar enthusiastic response from landowners.

During the year, the Council also signalled its intention to put out a Proposed Freshwater and Land Management Plan for public consultation within five years, to allow time for more work on a number of issues raised during targeted initial consultation. We also considered it prudent to take into account uncertainty over major Resource Management Act reforms.

That is not to say our freshwater management regime is standing still, however. As noted, the Riparian Management Programme is making good progress. And wetland protection is a major focus for the Council's teams working alongside landowners. Changes are also taking place in the way farmers are treating and disposing of dairy effluent. Farmers renewing effluent consents are already, in most cases, required to move towards land-based systems.

### **Hazard management**

Waitara is more secure following completion of the Council's \$3.4 million project to increase the town's flood protection to a one-in-100-year standard, a threefold improvement on the previous one-in-30-year safeguard. The project was completed on time and within budget, and has also resulted in greatly enhanced riverfront amenities. People can now very comfortably walk the riverbank from upstream of the town almost to the sea.

### **Services, amenities and infrastructure**

The Council's redevelopment of Pukeiti is in full swing and already there's a buzz about what's emerging. From the

prosaic (car parking) to the magical (aerial walkway in the rainforest canopy), the new elements are designed to blend with the old and enrich the visitor experience.

There's a buzz of a different sort at Yarrow Stadium, which well deserves its reputation as one of the nation's top regional sporting venues. And through its partnership with New Plymouth District Council, this Council aims to keep it that way.

### **Representing Taranaki's interests**

Years of advocacy led by this Council and its Regional Transport Committee were rewarded in January when the Government announced multimillion-dollar bypass projects at Mt Messenger and Awakino Tunnel. The region has been speaking with one voice on all of these projects and expectations remain high.

### **Strong financial position**

The Council finished the 2015/2016 year with a surplus of \$963,000 (total comprehensive income). Expenditure was \$373,000 over budget, in large part due to the Council providing unbudgeted emergency funding to assist those in need following the severe winter storm damage. Overall it was a good result, noting that general rates increases have been at or below the rate of inflation for the past few years. The Council's balance sheet remains very strong, with no public debt.

David MacLeod, Chairman

## **Deloitte** INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TARANAKI REGIONAL COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The summary annual report was derived from the annual report of Taranaki Regional Council (the Regional Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 4:

- the summary statement of financial position as at 30 June 2016;
- 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 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance information of the Regional Council and group.

We expressed an unmodified audit opinion on the Regional Council and group's full audited statements in our report dated 19 September 2016.

### **Opinion**

In our opinion:

- the summary 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.

### **Basis of opinion**

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the Regional Council and group.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the Regional Council or any of its subsidiaries.

Bruno Dente  
Deloitte  
On behalf of the Auditor-General  
Hamilton, New Zealand  
19 September 2016



## Managing the environment and native ecosystems

### Compliance monitoring

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

**96%** of significant point-source discharges from industries had 'good' or 'high' environmental performance.

**186** major consents programmes monitored and publicly reported on.

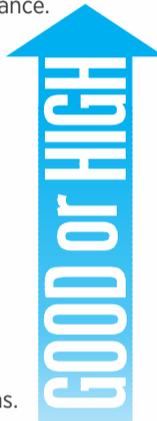


**246** minor industries inspected to ensure good environmental practices.

**100%** of 1,794 dairy, poultry and pig farms inspected.



**94.2%** of dairy farms and all pig and poultry farms complied with consent conditions.



### Air quality



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

### Biodiversity enhancement

**75**

biodiversity plans cover 3,370 ha of ecologically important habitats on private land.

Council is foundation funder for Wild for Taranaki which encourages protection of native ecosystems in Taranaki.



### State of environment monitoring

**Overall, environmental monitoring shows positive progress on further enhancing already good environment. Some areas for improvement noted.**

**29** of 57 sites show significant improvement in freshwater ecology and none show significant decline.

### Pollution incidents

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



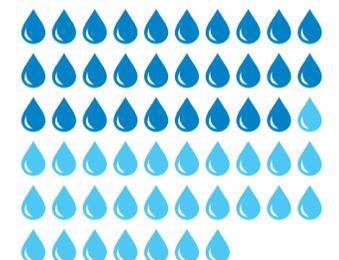
**152** abatement notices served, 48 infringement notices and 2 prosecutions.



**87%** of samples at freshwater bathing sites met MfE bathing guidelines during the summer bathing season.



**99%** of samples at coastal beaches met MfE bathing guidelines.



**100%** of 11 representative surface water quality sites show improvement in ecological health.



Increasing number of surface water quality sites showing improvement or stability.

### Resource consents

**100%** resource consents processed in RMA timeframes over past 16 years.

All consents submitted on resolved through pre-hearing process.



### Sustainable land management

**\$375,888**



Council recovery package to help farmers recover from June 2015 storm event. Total \$566,000 with Government funding.

**203,279 ha**

of hill country covered by sustainable land management plans.

**1,166 ha**

marginal land fenced (21.6 km) for retirement or forestry under STRESS programme.

**87%** of hill country being managed sustainably.



### Riparian management

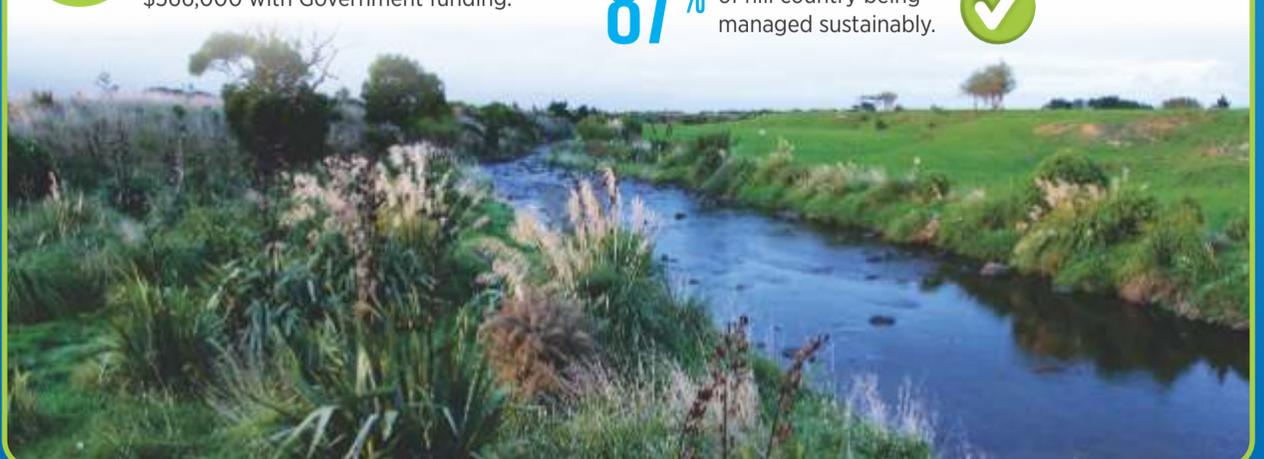
**4.3m** plants put along streams under riparian programme. 390,722 in past year.



**70%**

**84%** of riparian plan streambanks are protected with fencing.

of riparian plan streambanks are protected with riparian vegetation.





### Controlling pests

4,066

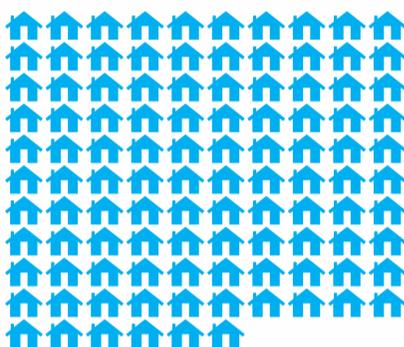
properties in self-help possum control programme covering 240,200 hectares.

106

private properties in the Herekawe community possum control programme in New Plymouth.

6%

catch rate for possums on properties managed. Well below the 10% target.



inspections for pest plants.



### Moving people

\$130 m



project to bypass Mt Messenger and Awakino tunnel announced by Government.

605,603

passengers on public transport.



30%

increase in Connector Hawera-NP bus trips to 31,407.

### Protecting communities



Civil Defence state of emergency declared to enable full response and recovery from June 2015 storm event.

17

flood warnings issued to protect people and property potentially affected.



\$3 m

Waitara flood protection scheme upgraded to one-in-100-year level of protection.



\$50000

assistance for Ironside Vehicle Society to carry people with disabilities.

### Building a thriving region

2

national rugby league and Super Rugby games plus provincial rugby at Council-owned Yarrow Stadium.

78,437

visitors to the Council-owned gardens Tupare, Pukeiti and Hollard Gardens.

Covered areas, carpark, walkways and landscaping upgraded at Pukeiti.



Four projects at Puke Ariki and one at Aotea Utanganui Museum of South Taranaki funded through Council partnerships.

7,686

students experienced class visits or field trips through the Council environmental education programme.



\$4.48 m

dividends from Council-owned Port Taranaki Ltd.

15

environmental champions recognized by Council environmental awards.



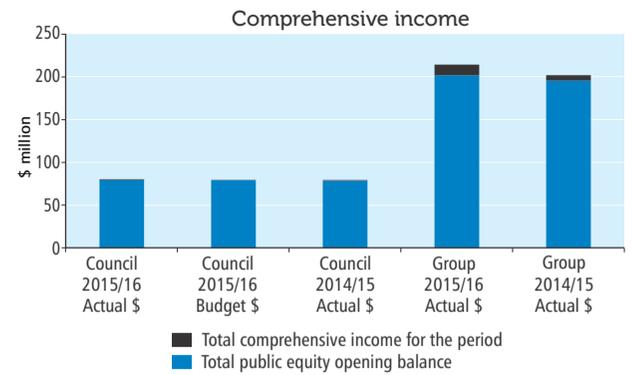
40,124

subsidised Total Mobility passenger trips.



### Comprehensive revenue and expense

	Council 2015/16 Actual \$	Council 2015/16 Budget \$	Council 2014/15 Actual \$	Group 2015/16 Actual \$	Group 2014/15 Actual \$
Total expenses	25,339,378	24,966,017	23,315,718	56,507,802	55,212,129
Total income	24,218,870	24,498,516	23,513,773	64,293,813	68,610,640
Operating surplus/(deficit) before finance income and expenses and taxation	(1,120,508)	(467,501)	198,055	7,786,011	13,398,511
Finance income	665,744	813,529	965,770	707,680	1,111,096
Finance expense	-	-	-	(1,434,032)	(1,387,235)
Operating surplus before taxation	(454,764)	346,028	1,163,825	7,059,659	13,122,372
Gains/(losses) on revaluation of investment properties	848,000	-	(284,500)	848,000	(284,500)
Income tax expense	(9,329)	-	-	(3,439,217)	(4,610,498)
Net surplus/(deficit) for the period	383,907	346,028	879,325	4,468,442	8,227,374
Items that may be reclassified subsequently to profit and loss when specific conditions met.					
Revaluation of property, plant and equipment	578,913	-	(118,182)	9,384,539	(118,182)
Change in cash flow hedge	-	-	-	(1,440,666)	(1,807,026)
Total comprehensive income for the period, net of tax	962,820	346,028	761,143	12,412,315	6,302,166



### Changes in net assets/equity

The Council's equity grew by \$0.96m in 2015/2016 to \$80.3m. At a Group level, the total community ownership of the Council and the Group grew by \$12.4m to \$214.4m.

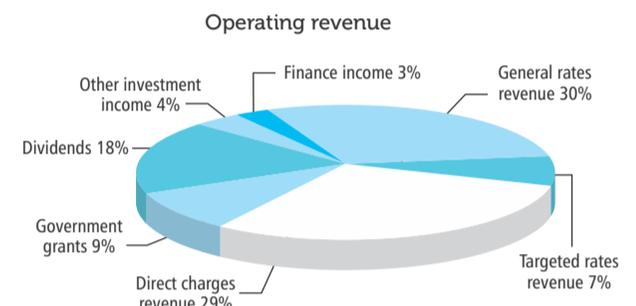
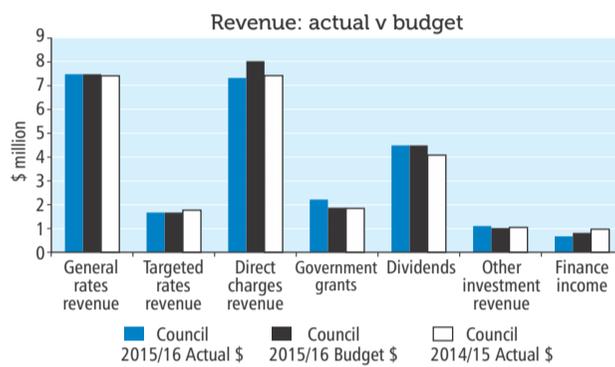
The Council's total equity of \$80.3m (Group - \$214.4m) is made up of retained earnings \$64.7m (Group - \$141.0m), special purpose reserves \$11.2m (Group - \$11.2m) and asset revaluation reserves \$4.3m (Group - \$64.1m). The Group also has a cash flows hedge reserve of \$1.9m (debit).

### Comprehensive income

The Council made a net operating surplus (other comprehensive income) of \$962,820 (2014/2015, \$761,143) compared to a budgeted surplus, before transfers to and from reserves, of \$346,028. The entire operating surplus is from continuing activities.

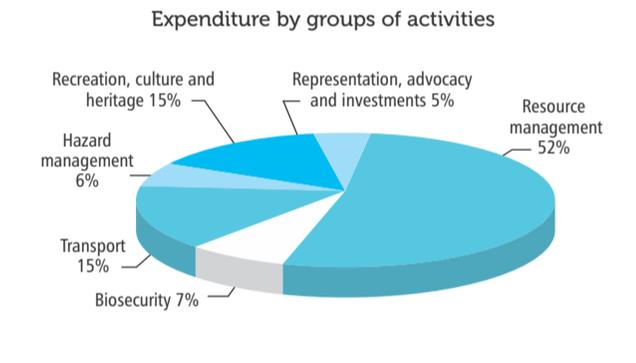
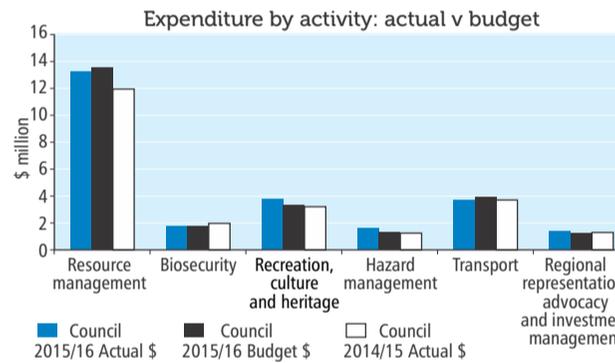
### Revenue

Total revenue (including finance income) was below budget by \$427,431. This was largely due to the economic impact on riparian plant sales and compliance monitoring income.



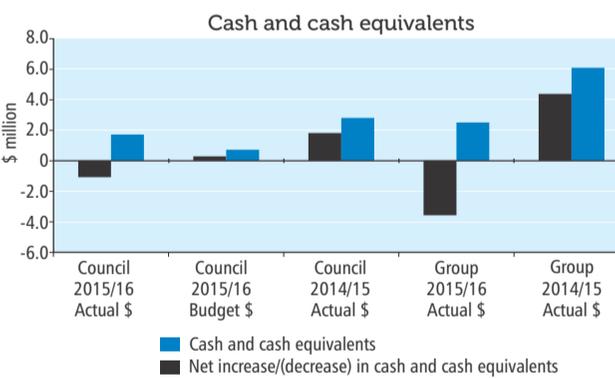
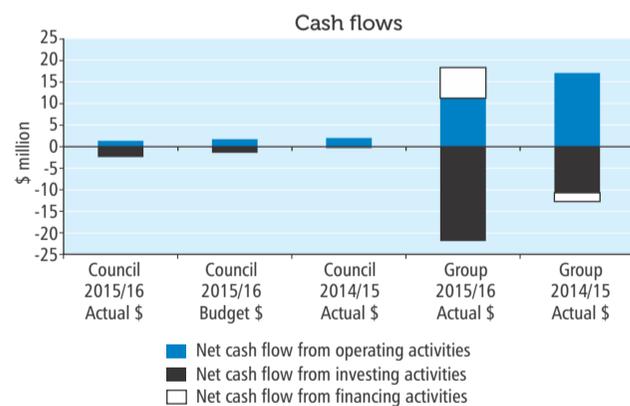
### Expenditure

Operating expenditure was over budget for the year by \$373,361. There were many small ups and downs across the Council's budgets, but the two main variances against budget were the Council's emergency and recovery response to the June 2015 storm events and the write down of existing assets at Pukeiti that have been replaced.



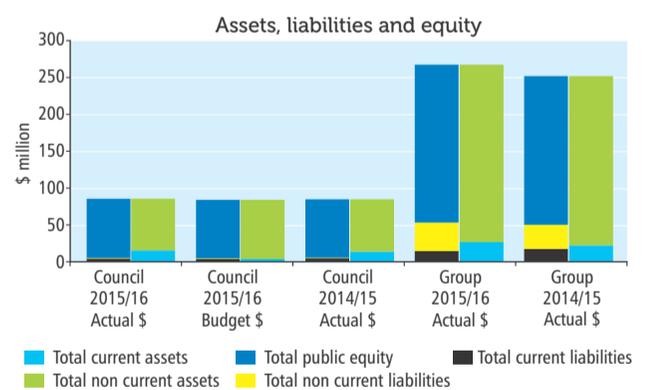
### Cash flows

The Council's cash and cash equivalents reduced by \$1,084,635 during the year. Net cash inflows from operating was \$1.34m, whilst net cash outflows from investing activities was \$2.4m. At a Group level cash balances decreased by \$3.6m to \$2.5m in total.



### Financial position as at 30 June 2016

The Council's assets and liabilities remained relatively stable during the year. Assets grew by \$725,320 for the Council and by \$15.5m for the Group. Liabilities reduced by \$237,500 for the Council and increased by \$3.1m 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 (November 2012). 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 2015/2016 Annual Report dated 19 September 2016. The Annual Report received an unmodified audit opinion dated 19 September 2016. This summary annual report has been audited and an unmodified opinion dated 19 September 2016 has been received. 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 2016.

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. These transactions are of an immaterial amount both individually and collectively.

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.

### Contingencies

The Taranaki Regional Council and Taranaki Stadium Trust have no known contingent liabilities as at 30 June 2016 (Nil-2014/2015). Pursuant to the Waitara Harbours Act 1940, the Council has an interest in 180 ha of New Plymouth District Council owned Waitara Harbour endowment lands. In the event of the sale of part or all of these lands by the New Plymouth District Council, the Council has a contingent asset. At this stage, the value is uncertain.