



# ANNUAL REPORT

2018/19



Te Kaunihera-ā-Rohe o Ngāmotu  
**New Plymouth  
District Council**



***Welcome to NPDC's Annual Report for 2018/19***

**The Annual Report is our way of being accountable to you.**

**It sets out what we have achieved in the last year and looks at the progress we have made in providing the sort of district that you have said is important.**

**This Annual Report compares our achievements and progress to what was planned in our Long-Term Plan 2018-2028.**

**Under the Local Government Act 2002, all councils must produce an Annual Report and have certain information audited. Audit New Zealand has successfully completed this audit and their opinion can be found on page 133.**

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# Mayor and Chief Executive's message

Caring for our People, Looking after our Place and Supporting a Prosperous Community are at the heart of everything we do as we strive to continue Building a Lifestyle Capital. NPDC manages assets worth \$3.3 billion, had an operating budget for the year of \$144 million and provides many of the essential day-to-day services our 80,000 residents rely on as well as looking after 1,600 hectares of parks and open spaces and running Puke Ariki, an art gallery, zoo, sports stadiums, a theatre/events centre and the TSB Festival of Lights.



In January, finance credit agency Standard and Poor's raised NPDC's rating outlook from stable to positive and reconfirmed its AA/A-1 rating. This is the highest rating that a local government body in New Zealand can attain. We also achieved a general rates operating surplus for the year of \$1.6 million. Another highlight was the Perpetual Investment Fund returning a surplus above budget performance of more than \$4.3 million.

In May, NPDC co-hosted the Just Transition Summit which looked at how New Zealand will move to a low emissions economy and featured high-profile speakers including Prime Minister Jacinda Ardern. Our district is Ground Zero for the transition and the last year marked a number of key milestones for this journey including the launch of the Draft Taranaki 2050 Roadmap and the announcement by Ms Ardern that the Government will invest \$27 million in the region to create a National New Energy Development Centre. NPDC will continue to plan for the future of our prosperity through our economic strategy, Tapuae Roa.

Our community told us in a clear voice during our community conversation on the 2018-2028 10-Year Plan that they wanted to see a step-change investment in core services and infrastructure. We're investing in new pipes to bring our infrastructure up to scratch as part of an extra \$44 million in investment in the Three Waters network. We're nearly a year into the major project to replace seven kilometres of pipes in Inglewood and we're making progress sorting out water supply issues in Ōākura and Ōkato. Work to upgrade the Wastewater Treatment Plant continues and we're preparing the groundwork to fix long-running stormwater issues in Waitara.

Another key message from the community was to invest in our vision for Zero Waste 2040. This year will see that investment making a tangible difference in how residents, community groups and NPDC can work together to cut down what we throw away while reusing and recycling more. Major projects as part of \$21m Zero Waste investments over the next decade will see new bins rolled out this spring to improve our kerbside collection service, electric trucks for this new service and the opening of the innovative hub for recycling and reuse called The Junction.

Our work on the 10-Year Plan in 2018 once again highlighted the importance and value of holding community conversations to gauge what you want NPDC to do and how we should fund that. This isn't something that ever stops for NPDC and this year we've already sought your feedback on how we care for our green spaces and how we should improve road safety. Our Let's Kōrero conversation earlier in the year also generated some great ideas on the future of the Colson Road landfill, the War on Pests and ideas for the Coastal Walkway extension to Waitara.

That extension to Waitara is one of key projects for the year ahead. We're continuing to work with iwi and hapū as well as central Government and the finished extension will create a fantastic pedestrian and cycle link. We're also working with iwi and the Taranaki Regional Council on a new trail which will connect Ōākura and Pukeiti. It's also exciting to see New Plymouth Airport's new terminal taking off and this is expected to be up and running early next year.

Notable highlights from the last year include:

- The New Plymouth District Council (Waitara Lands) Act was passed in December and took effect in March.
- The opening of the Mangapouri Cemetery.
- New skate parks in Inglewood and Ōākura.
- Another Green Flag award for our world-class Pukekura Park.
- A top Summer at the Bowl including a great crowd to see Toto and Jefferson Starship.

Let's keep talking and a huge thanks to our community for your contribution to Building a Lifestyle Capital.

Neil Holdom  
Mayor

A blue ink signature of Neil Holdom.

Craig Stevenson  
Chief Executive

A blue ink signature of Craig Stevenson.

# OUR STRATEGIC FRAMEWORK | BUILDING A LIFESTYLE CAPITAL

*He Whakatūtū Haupū Rawa Hei Āhua Noho*



People  
He Tangata

Putting people first  
*Aroha ki te Tangata*



Place  
Tiakina

Caring for our place  
*Manaaki whenua, manaaki tangata, haere whakamua*



Prosperity  
Āwhina

Supporting a prosperous community  
*Awahi mai, Awahi atu, tātou katoa*

## 30 -Year District Blueprint **Key Directions** *Ngā Aronga Matua*



COMMUNITIES  
*Ngā Hapori Whānui*



ENVIRONMENT  
*Te Taiao*



GROWTH  
*Te Whakatipuranga*



TALENT  
*He Tangata Pūmanawa*



CITIZENS  
*Ngā Kirirarau*



DESTINATION  
*Te Wāhi Mutunga*



CENTRAL CITY  
*Te Pokapū Tāone*



INDUSTRY  
*Te Rāngai Ahumahi*

# Our year in review

The 2018/19 year was the first year of our Long-Term Plan 2018-28 (the LTP). The LTP prioritised People, Place and Prosperity as our community outcomes. It was adopted in June 2018, after ex-cyclone Gita highlighted the resilience challenges facing our water infrastructure. In May 2019 the government restored the purpose of local government to be “to promote the social, economic, environmental, and cultural well-being of communities”. Our community outcomes compliment these four well-beings and set the strategic framework for our work going forward. For further information on the work we are doing towards achieving our community outcomes refer to the 10-Year Investment Programme section in our LTP.



## People / He Tangata

Putting people first / Aroha ki te Tangata

*We're here to support our community and put them first. We're people friendly, focussed on excellent customer service and having real-time conversations. People are our priority.*

We underwent independent assessment for the CouncilMARK local government excellence programme in late 2018. NPDC received a BBB rating, which demonstrated some areas of strong performance and competence generally while also identifying potential improvements.

In July we agreed to join the worldwide Global Network for Age-Friendly Cities and Communities.

Parliament passed the New Plymouth District Council (Waitara Lands) Act in December, marking the resolution of various issues regarding the Waitara endowment lands. The Act took effect in March. By the end of the financial year, leaseholders had submitted 335 applications to freehold, with 26 acceptances to buy.

In October, we adopted a new approach to naming roads that gives tangata whenua connections priority in new road names. We also began discussions with iwi and hapū about the future of Te Kohia Pā.

We completed new destination playgrounds and skateparks in Inglewood and Ōākura, and installed new shade structures in Pukekura Park playground. Our new district cemetery opened at Mangapouri in May. We opened new public toilets in Ōākura township and at the new Mangorei Road car park. We refurbished public toilets at Ōākura, Fitzroy and Bell Block beaches and Corbett Park. We delayed new public toilets at Hickford Park and Marfell playground, which are expected to be completed in December 2019. We began work on Waitara War Memorial Hall earthquake strengthening.



## Place / Tiakina

Caring for our place / Manaaki whenua, manaaki tangata, haere whakamua

*Our place is a beautiful natural landscape and we want to protect it for future generations. We value biodiversity and have a strong focus on sustainability. Our people love to be active and enjoy an outdoors lifestyle.*

This year we consulted on and adopted a new Green Spaces Management Plan to guide the development of small neighbourhood reserves. We also consulted on and adopted amendments to our Freedom Camping Bylaw to help protect some sites following community concerns from the previous summer. For the sixth year running, Pukekura Park was awarded the international Green Flag. Work began on the Waitara River Walkway, although it was delayed, and we began planning the extension of the Coastal Walkway from Bell Block to Waitara.

Throughout the year we made several milestones in our journey towards achieving Zero Waste. In November, we agreed with Stratford and South Taranaki district councils to send the region's waste to Bonny Glen landfill in Marton when the Colson Road Landfill closes in August 2019. We launched new rubbish and recycling stations for events, but

there was an increase in contamination in the recycling collection. Construction of our Resource Recovery Facility (the Junction) was delayed and will now be built in 2019/20.

We carried out further upgrades to our Waste Water Treatment Plant renewals of sewers. While we achieved our performance measures around sewerage overflows overall, there was a significant overflow at the Mangati Pump Station.



### Prosperity / Āwhina

Supporting a prosperous community / Awhi mai, Awhi atu, tātou katoa

*We support a vibrant economy. We invest in resilient infrastructure, amenities and services, to support industry and development. It's easy to do business here.*

We continued our work to transform our local economy with our ongoing funding of our council-controlled organisation Venture Taranaki Trust. We played a major role in the Just Transitions Summit, including helping to develop the business case for the National New Energy Development Centre. NPDC representatives visited Europe as part of a delegation to learn about implementing hydrogen technology in Taranaki as part of developing the H2 Taranaki Roadmap.

Papa Rererangi i Puketapu, our airport, continued to progress the construction of a new terminal to provide a unique welcoming gateway that reflects mana whenua stories and designs.

We began the water resilience programme following ex-cyclone Gita. In November we started to renew and upgrade Inglewood's water pipes. In December we began community discussions on the future of Ōkato's water supply. We launched the Wai Warrior education challenge in March. We made significant progress with new water reservoirs at Henwood Road and Mountain Road, with construction to begin in 2019/20 following completion of land purchases.

We launched the District-wide Road Safety Review in January. We opened the Waiwhakaiho pathway. A trial of an innovative plastic roading system was initiated on part of Liardet Street. Our annual road resealing programme has continued and we finished the replacement of street lights with LED lights across the district.

Funding from the Government allowed us to open, ahead of schedule, the new Mangorei Road car park for access to the Mangorei Road track. Upper Mangorei Road was also widened.

We began our programme to transform New Plymouth Central Business District (CBD) hosting CBD 2050 stakeholder events in October and May. In June we announced a redevelopment of the Huatoki Plaza.

We continued work on a new District Plan to lead and manage growth in our community. We received two private plan changes to rezone land for housing in Ōākura and Waitara. The delivery of water and wastewater infrastructure supported residential development in Bell Block.

# Working together with Māori

## LEGISLATION

Section 82(2) of the Local Government Act 2002 (the Act) requires a local authority to have in place processes for consulting with Māori. In response, NPDC's Significance and Engagement Policy commits us to:

- Provide opportunities for Māori to contribute to our decision-making process in a meaningful way.
- Engage with Māori where any matter involving a significant decision affecting the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi taonga, valued flora and fauna and other taonga.
- Consider specifically engaging with Māori on other matters as they arise.

Section 81 of the of the Act also specifically requires the Council to:

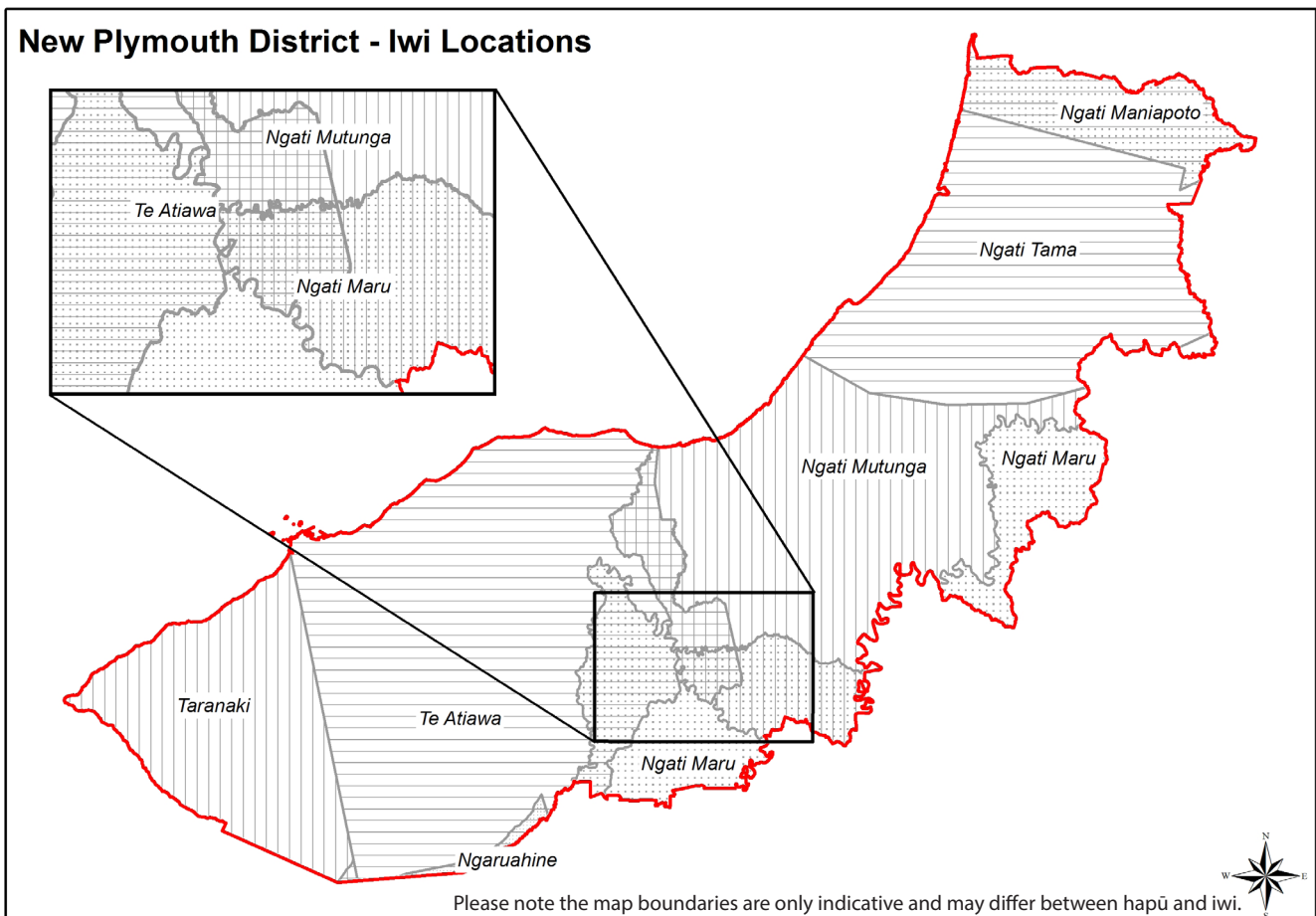
- a) Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the Council.
- b) Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the Council.
- c) Provide relevant information to Māori for the purposes of a) and b) above.

## TANGATA WHENUA

NPDC acknowledges the following six iwi as tangata whenua (indigenous people), who exercise mana whenua (traditional rights, obligations) within the New Plymouth District:

- Ngāti Maniapoto
- Ngāti Maru
- Ngāti Mutunga
- Ngāti Tama
- Taranaki iwi
- Te Ātiawa

NPDC also recognises the historic Treaty of Waitangi settlement interest of Ngāruahine iwi, which falls just within the south-eastern extent of the new Plymouth District boundary.





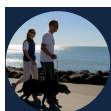
### STATISTICS

The Māori population is growing. In 2013 Māori made up just over 16 per cent of the total population of the district. Our overall population is expected to grow from about 82,000 today to almost 100,000 by 2038. However, the Māori population is expected to grow even faster such that, by 2038, Māori will make up almost one-quarter of our total population. It is important that we continue to consider ways to foster the development of Māori capacity to contribute to Council decision-making.

### WHAT WE HAVE DONE

To support engagement with Māori, NPDC has undertaken a number of operational and strategic activities to support the development of Māori capacity to participate more fully and effectively in Council decision-making.

Aligned to NPDC's strategic principles of *He Tangata / People, Tiakina / Place* and *Āwhina / Prosperity*, these activities are summarised below.



He Tangata / People

Aroha ki te Tangata / Putting people first

#### Te Huinga Taumatua

Te Huinga Taumatua is a joint-committee made up of elected Council and iwi members, currently co-chaired by a representative from each group. The committee's purpose is to provide strategic guidance and advice to the Council, on issues of importance to Māori. It also has delegated authority for matters including:

- Road-naming and renaming.
- Naming and renaming of NPDC-administered reserves.
- Determination of marae development grant applications over \$10,000.

The Committee has considered a range of a strategic and policy matters over the past year, including:

- Ngāti Maru Treaty Settlement.
- The Green Spaces Management Plan.
- Marae Grants for 2018/19.
- Te Rewarewa Reserve Agreement.
- Road-naming and Numbering Policy.
- Procurement Policy.

Moving forward, the Council will ensure the necessary information is available so the Committee can make fully informed decisions. We will also ensure they are kept abreast of NPDC projects, initiatives and policies relating to Māori, and where relevant, seek their comment and feedback.

#### Funding support

The Council recognises that Māori participation in the decision-making process is, in part, constrained by lack of funding and resources. This is particularly evident in relation to resource management issues, where access to expert scientific or legal advice can be costly and complex.

The Council makes available funding to support tangata whenua engagement in resource management-related activities. These include marae development grants and a built, cultural and natural heritage protection fund to support iwi with marae insurance and maintenance. Our intention over the next 12 months is to ensure these funds continue to be well subscribed, contribute to the aspirations of iwi and hapū, and are used as intended.

## Working together with Māori

### Mana Whakahono ā Rohe Agreement

A recent amendment to the Resource Management Act 1991 (RMA), gives iwi authorities the option to invite a regional or district council to form a Mana Whakahono ā Rohe Agreement (Mana Whakahono).

A Mana Whakahono provides a mechanism for councils and iwi to agree on the ways tangata whenua can participate in RMA decision-making and assist councils with their statutory obligations to tangata whenua under the RMA.

In May 2018, NPDC was one of four local territorial authorities notified by Ngāruahine Iwi of their wish to initiate a Mana Whakahono. However, following a proposal by the Taranaki Regional Council, the four local authorities with the eight Taranaki iwi met in November 2018 to consider a regional-wide Mana Whakahono arrangement.

Discussions continue with final arrangements expected in 2020.

### Te Ao Māori training

Over the past 12 months, 182 staff, including leaders and decision-makers in NPDC have participated in a training programme to improve their cultural competency. Developing the attitudes, skills and knowledge to work positively with Māori, participants have had the opportunity to gain confidence in: correctly pronouncing te reo Māori; delivering a mihi (greeting, introduction), karakia and waiata; and understanding important Māori concepts like Kaitiakitanga, Rangatiratanga, Ūkaipōtanga and Kotahitanga.



Tiakina / Place

Manaaki whenua, manaaki tangata, haere whakamua / Caring for our place

### Ngā Kaitiaki – District Plan review

Ahead of the imminent release of the new proposed District Plan, Ngā Kaitiaki continue its input into the final drafting stages. The group of mandated iwi and hapū representatives has provided a te ao Māori (Māori world) view of the planning experiences of iwi and hapū.

The working group has given feedback on all relevant aspects of the document, including the Strategic Objectives, and District-wide and Special Purposes Zone provisions. Supported by an independent planner resourced by NPDC, this feedback has been incorporated into the document.

With the knowledge gained through this process, Ngā Kaitiaki members are already playing a valued role as the conduit between NPDC, and hapū and iwi in a resource management planning context.

### Wāhi Tapu review

After the release of the operative New Plymouth District Plan in 2005, NPDC became aware that the location of listed wāhi taonga were inaccurate. With the change from imperial to metric measurements of New Zealand Archaeological Association data, the Wāhi Taonga Review Project was initiated in 2007.

Originally intended to accurately record the locations of known wāhi taonga in the District Plan, it was extended in 2010 to include new sites. NPDC, an archaeologist and tangata whenua worked together to confirm the locations and extents of sites so they could be included in the District Plan. This ensures certainty for District Plan users, while protecting sites and areas of significance to tangata whenua.

### He Puna Wai

NPDC is working with mandated iwi authorities across the region to develop a 30-year three-waters strategy. Under an arrangement known as He Puna Wai, iwi and NPDC are working collaboratively to develop a sustainable, long-term strategy for managing the district's three-waters systems (drinking, waste and storm waters).

Recognising the intimate relationship between tangata whenua and water, this work balances the need to provide a safe and sustainable three-waters service, while contributing to identified iwi aspirations and issues.

The initiative also provides an avenue for NPDC, iwi and hapū to identify and engage on specific infrastructure-related projects, such as the proposed Waiwhakaiho Motorhome/Caravan Dumpsite and Mangatete River Weir Repair.



Āwhina / Prosperity

Awahi mai, Awahi atu, tatou katoa / Supporting a prosperous community

### **Airport project**

NPDC engaged Puketapu hapū to work with us and our contractors on the development of the new airport terminal. Puketapu developed a cultural narrative, which informed elements of the terminal's design.

The airport's governance body includes a representative from Te Ātiawa iwi, with Puketapu hapū providing input into the iwi nomination process, they were also responsible for naming the new airport company, Papa Rererangi i Puketapu Limited.

Other regionally significant projects are planned within the Puketapu area, providing further opportunities to collaborate with the hapū and iwi.

### **Te Ara a Ruhihiweratini**

A shared path along a paper road, Te Ara a Ruhihiweratini is being developed jointly by NPDC and the Taranaki Regional Council, with the support of Ngā Mahanga and Ngāti Tairi hapū of Taranaki iwi.

An initiative under Tapuae Roa: Make Way for Taranaki, it follows a trail once travelled by a Ngā Mahanga/Ngāti Tairi tupuna. Translated as The Pathway of Ruhihiweratini, hapū participation is vital to ensure sites and areas of significance are protected.

With construction due to begin in 2020, the two councils are working closely with both hapū through the resource consent process, with funds budgeted to assist them throughout the project.

### **Waitara Lands Act 2018**

On 17 March 1860, Crown and Colonial forces fired the first shots of the New Zealand Land Wars, a consequence of the attempted purchase of the Pekapeka Block. The subsequent confiscation saw the disposal of the block, which later became Waitara, to settlers. Over time, the land acquired leasehold status, with leaseholders able to place residences on the property.

With NPDC involved in negotiations and discussions with hapū, Parliament enacted the New Plymouth District Council (Waitara Lands) Act 2018 (the Act). Among its provisions, the Act enables the return of land to hapū, including identified district parks and reserves, with NPDC retaining an administrative function.

In 2019, a side agreement to the Act was signed at Ōwae Marae in Waitara. It sets the framework for how NPDC and the Te Kōwhatu Tū Moana Trust, which represents Manukorihi and Otaraua hapū, will work together.

# Financial summary

## Overall results at a glance

NPDC recorded a deficit for the year of \$3.2m compared to a budget surplus of \$8.4m. The primary drivers of the variance to budget are:

- 5.4m write off of the Central Landfill costs resulting from the decision to suspend further development in favour of transporting the district's waste to Bonny Glen.
- \$5.6m transfer of the Waitara Land lease balance from restricted reserves.

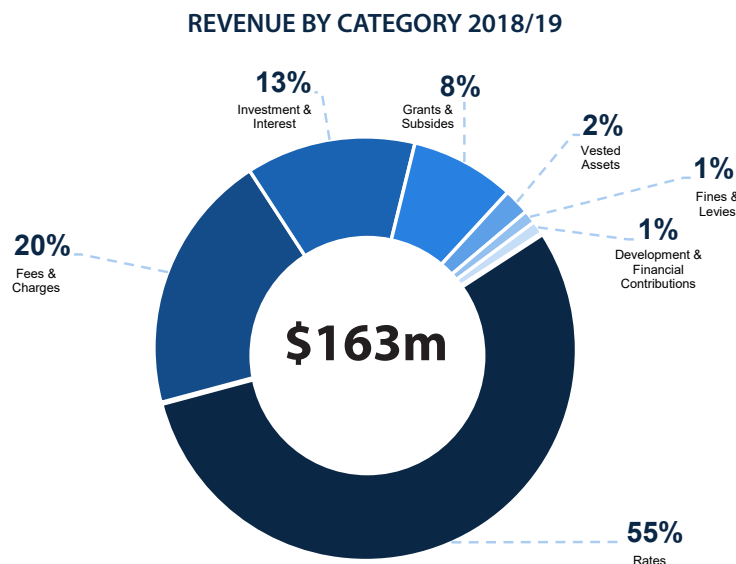
## PIF investment

The PIF finished the year up \$7.8m to \$295.4m after payment of releases of \$8.6m for the year. Since inception the PIF has paid \$212.8m in release payments to NPDC and achieved an annual return of 6.7 per cent per annum.

## Where the money came from

In 2018/19 rates accounted for 55 per cent of NPDC's funding (2017/18: 52 per cent).

NPDC receives income from a variety of sources, including the PIF, capital expenditure funding, fees and user charges. The diagram below shows revenue from these different sources.

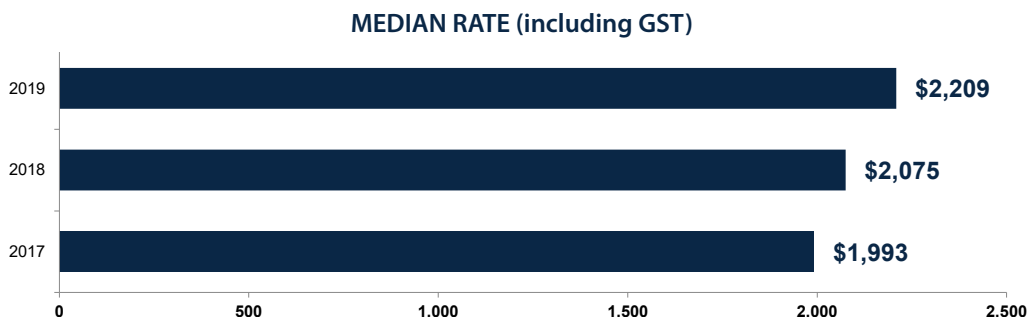


## Rates collection

NPDC works hard to ensure all rates are collected and accounted for. As in previous years, NPDC has achieved an excellent collection record, collecting 98 per cent of rates (2017/18: 99 per cent) and 80 per cent of rate arrears (2017/18: 74 per cent).

## Residential median rate

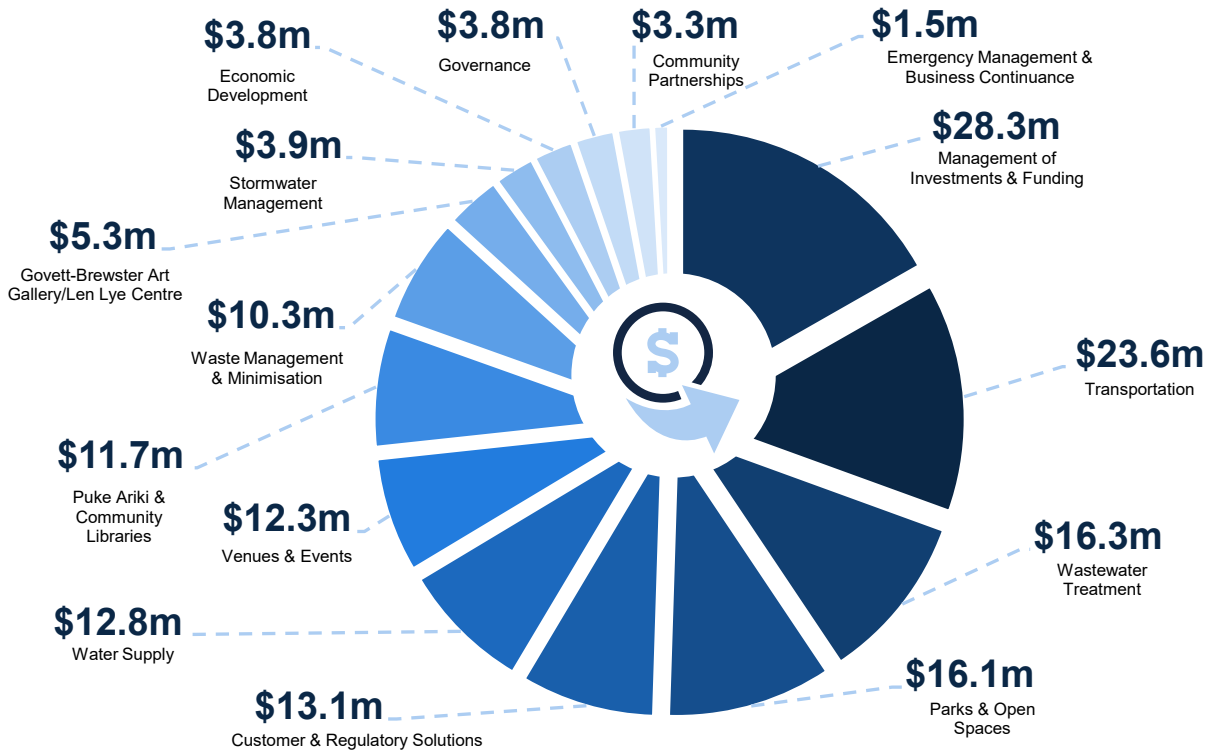
The residential median rate (including GST) increased by 6.42 per cent during the year (2017/18: increased by 4.15 per cent).



**Where the money goes**

Operating expenditure of \$166.2m is \$22.3m higher than budget. The graph below shows where the money was spent by NPDC activity.

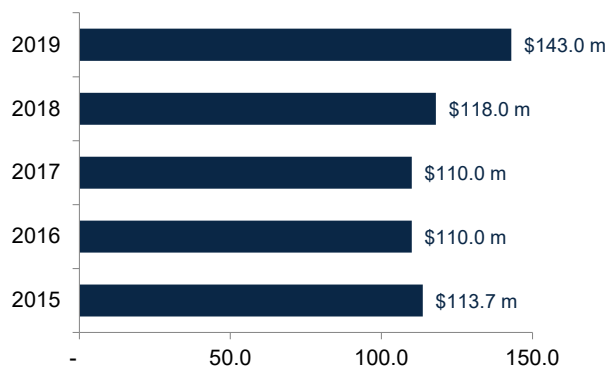
EXPENDITURE BY NPDC ACTIVITY 2018/19



**Our liabilities and assets**

NPDC's external borrowings increased \$25m to \$143m during the year. The graph below shows NPDC's debt levels over the past five years.

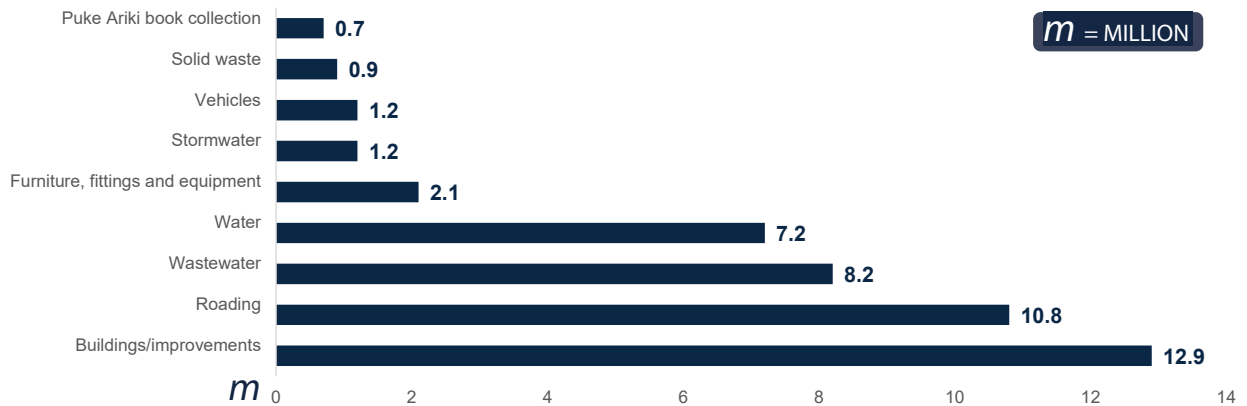
NPDC DEBT LEVELS AT 30 JUNE



## Financial summary

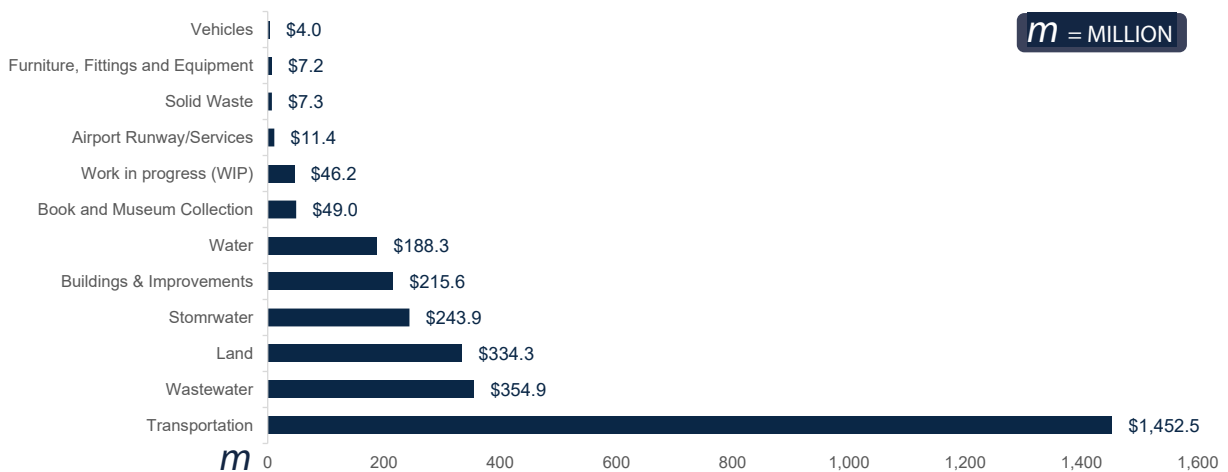
### ALLOCATION OF CAPITAL WORKS SPEND 2018/19

During the year NPDC added \$45m of new assets through its renewal and capital works programme. This covered all activities within our district. The graph below shows the breakdown of capital expenditure by category.



### ALLOCATION OF NPDC ASSETS

The graph below shows the allocation of the total property, plant and equipment balance by asset class as at 30 June 2019.



Summary Financial Statements

	COUNCIL			GROUP	
	2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Operating revenue (excluding PIF)	144,086	137,631	142,685	150,348	147,791
Perpetual Investment Fund	18,858	14,605	23,405	19,375	23,405
<b>Total operating revenue</b>	<b>162,944</b>	<b>152,236</b>	<b>166,090</b>	<b>169,723</b>	<b>171,196</b>
Operating expenditure (excluding PIF)	163,682	142,762	139,959	170,239	144,769
Perpetual Investment Fund	2,489	1,120	2,426	2,489	2,426
<b>Total operating expenditure</b>	<b>166,171</b>	<b>143,882</b>	<b>142,385</b>	<b>172,728</b>	<b>147,195</b>
<b>(Deficit)/surplus before taxation</b>	<b>(3,227)</b>	<b>8,354</b>	<b>23,705</b>	<b>(3,005)</b>	<b>24,001</b>
Income tax (expense)/refund	-	-	-	(344)	(308)
<b>(DEFICIT)/SURPLUS AFTER TAXATION</b>	<b>(3,227)</b>	<b>8,354</b>	<b>23,705</b>	<b>(3,349)</b>	<b>23,693</b>
Other comprehensive revenue and expense	696,921	145,140	6,873	696,921	6,873
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>693,694</b>	<b>153,494</b>	<b>30,578</b>	<b>693,572</b>	<b>30,566</b>

Summary Statement of Financial Position

	COUNCIL			GROUP	
	2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Current assets	310,438	330,850	303,579	310,941	303,509
Non-current assets	2,977,456	2,386,100	2,256,466	2,980,701	2,258,518
<b>Total assets</b>	<b>3,287,894</b>	<b>2,716,950</b>	<b>2,560,045</b>	<b>3,291,642</b>	<b>2,562,027</b>
Current liabilities	67,337	29,410	81,169	70,876	82,820
Non-current liabilities	121,432	153,580	73,445	121,432	73,445
<b>Total liabilities</b>	<b>188,769</b>	<b>182,990</b>	<b>154,614</b>	<b>192,308</b>	<b>156,265</b>
<b>TOTAL EQUITY/NET ASSETS</b>	<b>3,099,125</b>	<b>2,533,960</b>	<b>2,405,431</b>	<b>3,099,334</b>	<b>2,405,762</b>

Summary Statement of Cash Flows

	COUNCIL			GROUP	
	2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Net cash flows from operating activities	24,202	15,782	33,853	26,413	35,370
Net cash flows from investing activities	(44,906)	(56,502)	(47,071)	(47,216)	(48,882)
Net cash flows from financing activities	25,000	33,780	8,000	25,000	8,000
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>4,296</b>	<b>(6,940)</b>	<b>(5,218)</b>	<b>4,197</b>	<b>(5,512)</b>





# Council Services



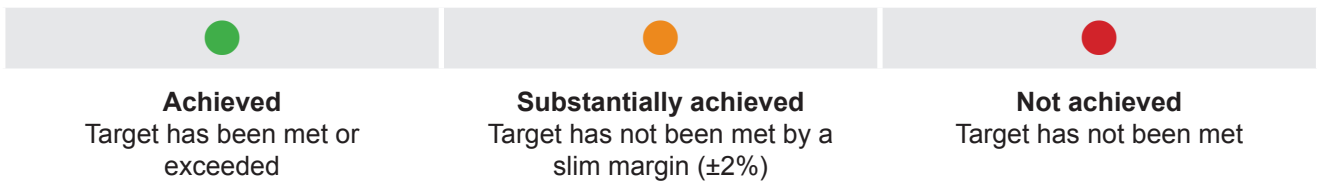
# Introduction to Council Services

**This part of the Annual Report covers the 16 activity groups based on the services we provide.**

In the following pages you'll find information on what we deliver, why we do it, an evaluation of the effects of the activity on community well-being, significant challenges faced, how we performed against our service commitments, and cost of service statements for the 2018/19 financial year.

In addition to the 16 activity groups, NPDC also carries out internal functions, such as financial management and property maintenance, but the costs of these are allocated over the 16 activities. This is because services such as financial management are 'inputs' into NPDC activities whereas NPDC activities themselves are services actually received and used by the community.

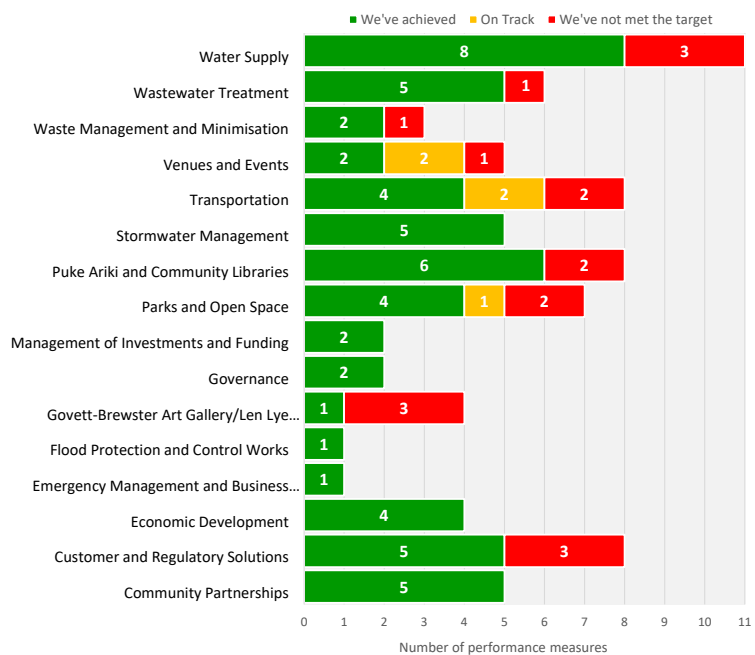
The performance measures and targets are from Year 1 (2018/19) of our LTP 2018-2028, which you can find on our website. All percentage results have been rounded to remove any decimal places. Throughout the report, we have used the following symbols to display performance measure results compared to targets.



Of the 81 measures that we use to track performance, the summary graph below shows that:

- We have achieved the target for 57 measures.
- We have substantially achieved the target for five measures.
- We have not achieved the target for 18 measures.
- One measure did not apply as there were no elections in 2018/19.

**PERFORMANCE TARGET RESULTS**



## NRB Information

A number of performance measures are listed as 'NRB survey'. The National Research Bureau (NRB) 'Communitrak' survey is carried out by approximately 30 local authorities throughout New Zealand. NPDC has been conducting this survey since 1994. The survey asks many of the same questions in each local authority. A random sample of at least 400 people based on the five community areas was used for the New Plymouth District. The survey is conducted in a way that provides results which have a margin of error of plus or minus 5 per cent, giving a 95 per cent level of confidence. This means that if 100 samples were taken, we would expect the margin error to contain the true value in all but five samples. The satisfaction levels indicated include the removal of those people who did not have a view on satisfaction or dissatisfaction or simply did not know due to not using the facility or service as specified for the NRB KPI within LTP 2018-2028. Removing the "don't knows" from the calculation enables better comparison between our activities, allowing for more informed Council decision-making.

## Introduction to Council Services

The table below sets out how each of NPDC's 16 services contribute to the community outcomes. The performance framework of each activity (service) measures how well they are delivering services to help progress towards achieving the community outcomes.

	PEOPLE	PLACE	PROSPERITY
Community Partnerships	√		
Customer and Regulatory Solutions	√	*	√
Economic Development			√
Emergency Management and Business Continuance	√		*
Flood Protection and Control Works	√	*	*
Govett-Brewster Art Gallery/Len Lye Centre	√		*
Governance	√		
Management of Investments and Funding	*	*	*
Parks and Open Spaces	*	√	*
Puke Ariki and Community Libraries	√		*
Stormwater Management	√	*	*
Transportation	*		√
Venues and Events	√	*	√
Waste Management and Minimisation	*	√	*
Wastewater Treatment	*	√	*
Water Supply	*	*	√

√ indicates the activity strongly contributes to this outcome

\* indicates the activity contributes to this outcome



# Community Partnerships

The community partnerships service works alongside community organisations, educational institutions, iwi, and business and government agencies to build a strong and connected community.

We offer advice and support to help our partners plan for the future and respond to the changing needs of the community. We also fund some key partnerships.

Community partnerships manages the NPDC's community grants funding scheme, offering contestable funding to organisations and groups whose projects align with our strategic vision and meet funding criteria.

We also provide affordable housing for eligible elderly people in the district. As part of this service, a Council Housing Officer makes regular visits to monitor the well-being of our tenants.

## WHY WE DO IT

Strong and connected communities have a strong sense of identity. They are self-reliant and use the abilities and strengths of their people to find solutions to challenges and the resources they need to prosper.

The community partnership service supports the Council's strategic vision of *Building a Lifestyle Capital – putting people first - aroha ki te tangata*. Our partnerships ensure that community and other organisations are equipped to make a significant contribution to the well-being and quality of life of our communities. We support community initiatives that create strong, resilient and connected communities that are enabled and engaged.

Our housing for the elderly service is about putting people first. We provide safe and quality accommodation for our tenants, enabling them to be involved in social and civic life.

## EFFECTS ON THE COMMUNITY WELL-BEING

The services of community and voluntary organisations are about caring for people. They contribute to safe, resilient and sustainable communities that are engaged in social, cultural, economic and political life. There are no significant negative effects resulting from this activity.

## SIGNIFICANT CHALLENGES DURING THE YEAR

Applications for community funding continue to be over-subscribed, being about double that of the available funding. There is an ongoing challenge in determining recipients and in managing the disappointment of unsuccessful applicants. The challenge also demonstrates a potential need for increased funding as a matter for future consideration by the Council.

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We build strategic relationships that support collaboration, capability and capacity in the community sector.				
The percentage of partners satisfied with the Council's advice and involvement in community initiatives.	95%	●	100%	100% - target 80%
The percentage of residents satisfied with the Council's assistance and support to community groups (NRB survey).	Exceeds peer group average (84%)	●	90%	94% <sup>1</sup> - target 91%
We provide a 'start-up' fund to support creativity and collaboration in new community initiatives.				
The number of initiatives receiving 'start-up' financial support.	3	●	3 <sup>2</sup>	4 <sup>3</sup>
We provide effective funding support for community organisations and initiatives.				
The percentage of key performance indicators achieved by recipients of the Council's grants (as set out in funding contracts).	95%	●	98%	97%
We effectively coordinate and administer the housing for the elderly service.				
The percentage of tenants satisfied with the service.	90%	●	100%	100%

<sup>1</sup> 94% (64% including don't know responses) compared to peer group average of 91% (68% including don't know responses).

<sup>2</sup> Sustainable Taranaki, Sports Reporting Taranaki, and Social Enterprise at Manifold.

<sup>3</sup> ZEAL, Taranaki Chamber of Commerce, Business and Retail Association, Accessibility Awards and Urban Dream Brokerage.

## Community Partnerships

### FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		3.10	3.10	2.23
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.06	0.06	0.06
Fees and charges		1.04	1.02	1.11
Internal charges and overheads recovered		-	-	0.16
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>4.19</b>	<b>4.17</b>	<b>3.56</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1	(2.99)	(3.24)	(2.43)
Finance costs		(0.03)	(0.03)	(0.02)
Internal charges and overheads applied		(0.72)	(0.56)	(0.86)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(3.74)</b>	<b>(3.83)</b>	<b>(3.30)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>0.45</b>	<b>0.34</b>	<b>0.26</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	(0.01)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>-</b>	<b>(0.01)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		(0.12)	(0.11)	(0.11)
(Increase)/decrease in reserves		(0.33)	(0.21)	(0.15)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(0.45)</b>	<b>(0.33)</b>	<b>(0.27)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(0.45)</b>	<b>(0.34)</b>	<b>(0.27)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Variance explanation Actual 2018/19 to LTP 2018/19

1. Operating expense is lower than budget due to delays in the requested drawdown of community grants.

# Customer and Regulatory Solutions

The first point of contact for NPDC'S regulatory services is our customer services team, who assist customers by telephone, email or in person at the Civic Centre. Enquiries that need further input are recorded as service requests and forwarded to the relevant teams in the organisation.

Our regulatory teams process building, land use and subdivision consents, food, alcohol, health and encroachment licences and issue dog licences. We monitor and enforce legislation and bylaws for all of these functions as well as parking control, and health and noise nuisances. We develop the District Plan and other policies that guide the future development of the district. We also provide case management for projects and events that require involvement of multiple NPDC teams.

The Central City Facilitator is included within this service. They facilitate and enable projects and policy across NPDC to ensure a coordinated and prioritised delivery of outcomes supporting a vibrant and prosperous Central Business District.

## WHY WE DO IT

The customer and regulatory solutions service plans for the future, supporting the Council's strategic vision of *Building a Lifestyle Capital – putting people first, supporting a prosperous community and caring for our place*.

The customer and regulatory solutions service promotes *putting people first - aroha ki te tangata*. Enforcing environmental health legislation ensures businesses selling food and alcohol meet their public health obligations and that people can enjoy their lifestyle free of nuisance or risk. Animal control activities, including the regulation of dog ownership ensures people and wildlife are protected from nuisance or injury caused by dogs and that owners are educated and informed about the way their animals should be managed. Enforcing parking regulations makes sure there is fair, safe and easy access to the city and its suburbs.

Our customer service teams make it easy to do business with us, again putting people first. People are our priority and we make sure our customers have access to the information and services they need.

Forward planning and regulation helps mitigate potential negative effects of growth and development and supports sustainable management of the district's economic and environmental resources. Our work ensures there is adequate and appropriate land for residential, commercial, industrial and agricultural use and that buildings in the New Plymouth District are safe, healthy and durable. This contributes to *supporting a prosperous community - awhi mai, awhi atu, tātou katoa*.

Our district planning work, alongside our monitoring and enforcement activities, promotes *caring for our place - manaaki whenua, manaaki tangata, haere whakamua*.

## EFFECTS ON THE COMMUNITY WELL-BEING

Customer and Regulatory Solutions can have a range of effects on the community. Many of the positive effects are outlined in the section "why we do it". Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
<p><b>Community satisfaction</b></p> <p>No single policy, piece of legislation, bylaw or regulation satisfies 100 per cent of the community. In all regulatory activities there is potential for individuals or groups to perceive negative effects.</p>	<p>The Council involves, informs and educates the community on the purpose of existing and proposed policy and regulation.</p> <p>Development of policy, consent and enforcement decisions are balanced with the rights of individuals and with the rights of the wider community.</p> <p>We aim for decisions to be fair and equitable to all parties involved.</p>

## Customer and Regulatory Solutions

Effect	How the Council intends to mitigate the effect
<p><b>Building Control</b></p> <ul style="list-style-type: none"> <li>• Customers could experience delay and additional development costs if quality and timeliness of consent and inspection procedures are not maintained to a high standard.</li> <li>• People are at risk if quality of building consent and inspection procedures are not maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• Accreditation as a Building Control Authority ensures our processes are robust, and always seeking ways to improve services.</li> <li>• Maintain accreditation and competency and conduct internal auditing.</li> </ul>
<p><b>Resource Consents</b></p> <ul style="list-style-type: none"> <li>• Can be conflicting views on outcomes of significant application decisions.</li> <li>• Planning may not meet development demand and there may be a shortage of residential sections available.</li> <li>• Costs of legislative changes may impact on anticipated cost recovery.</li> <li>• Loss of cultural landscape through land development.</li> </ul>	<ul style="list-style-type: none"> <li>• We aim for transparent processes and clear communication to community.</li> <li>• Teams engaged in land development work together to ensure there is an integrated and strategic approach to land supply and urban development outcomes, using urban design principles.</li> <li>• We conduct annual reviews to reduce costs and ensure cost recovery of consent processing and compliance is monitored.</li> <li>• We monitor compliance and engage with iwi/hapū in consent processing to ensure cultural heritage is protected.</li> </ul>

### SIGNIFICANT CHALLENGES DURING THE YEAR

The changes to the NPDC's Freedom Camping Bylaw increased community expectations requiring a more focussed approach to regulation.

The Animal Control Team have undertaken a number of successful prosecutions against dog owners who have not met the requirements of the Dog Control Act 1996.

The building and resource consent services continue to be challenged by the ongoing high levels of growth and will require further additional resource adjustments to meet the demands of the community.



## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
Our animal control processes contribute to a safe and healthy community.				
The percentage of animal control emergency situations* responded to within two hours.	100%	●	100%	New measure
The percentage of known dogs registered.	95%	●	96%	94%
The percentage of residents satisfied with animal control activities (NRB survey).	Exceeds peer group average (76%)	●	91%	91% <sup>1</sup> - target 75%
We respond to formal complaints in a timely manner.				
The percentage of formal complaints that receive an interim reply or are resolved within five working days.	90%	●	79% <sup>2</sup>	New measure
We process requests for official information within timeframes set under Local Government Official Information and Meetings Act (1987).				
The percentage of requests for official information completed within statutory timeframe.	100%	●	100% <sup>3</sup>	New measure
We conduct licensing inspections in accordance with statutory requirements.				
All businesses required to be licensed are inspected in accordance with statutory requirements.	100%	●	100%	New measure
We process consent applications within statutory timeframes.				
The percentage of building applications processed within statutory timeframes (consents and code compliance certificates).	100%	●	97% <sup>4</sup>	98.4% <sup>5</sup>
The percentage of non-notified resource management consents processed within statutory timeframes.	100%	●	97% <sup>4</sup>	98.2% <sup>6</sup>

\* Animal control emergency situations: assisting emergency services, attacks by dogs, stock on the roads and injured animals.

<sup>1</sup> 91% (82% including don't know responses) compared to peer group average of 75% (70% including don't know responses).

<sup>2</sup> 153 of 192 formal complaints completed on time. This result does not take into account interim replies. Procedures are being reviewed to ensure that interim replies can be accounted for within the reporting for 2019/20.

<sup>3</sup> Rounded up from 99.5% to 100% being 204 of 205 requests for official information completed on time.

<sup>4</sup> Ongoing high levels of growth will require further additional resource adjustments to meet the demands of the community.

<sup>5</sup> Within the 20 day timeframe, 26 exceeded the timeframe during a period of high workload and low resource.

<sup>6</sup> 2017/18 measure was based on all non-notified land use and subdivision consents.

## Customer and Regulatory Solutions

### FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		4.44	4.44	2.77
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	8.89	8.28	7.91
Internal charges and overheads recovered		-	-	0.78
Local authorities fuel tax, fines, infringement fees and other receipts		0.77	0.72	1.13
<b>Total operating funding (A)</b>		<b>14.10</b>	<b>13.44</b>	<b>12.59</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	2	(8.16)	(7.04)	(7.95)
Finance costs		(0.03)	(0.03)	-
Internal charges and overheads applied		(4.68)	(5.12)	(4.40)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(12.86)</b>	<b>(12.19)</b>	<b>(12.35)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>1.23</b>	<b>1.25</b>	<b>0.24</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	0.91
Increase/(decrease) in debt		-	(0.01)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>-</b>	<b>(0.01)</b>	<b>0.91</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		(0.75)	(0.93)	(0.02)
(Increase)/decrease in reserves		(0.49)	(0.31)	(1.14)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(1.23)</b>	<b>(1.24)</b>	<b>(1.15)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(1.23)</b>	<b>(1.25)</b>	<b>(0.24)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Variance explanation Actual 2018/19 to LTP 2018/19

1. Consent income is higher than budget due to additional subdivision and building consent activity.
2. Operating expense is higher than budget due to additional resources required for consent processing.

# Economic Development

We work collaboratively with other councils, central government and other agencies in the region to develop and improve the local economy. This includes directly funding and overseeing Venture Taranaki Trust, the council-controlled organisation responsible for economic development and tourism industry support services in the district. Venture Taranaki Trust also has agreements with South Taranaki and Stratford district councils to deliver similar services in those districts.

NPDC's priorities for economic development are set out in *Tapuae Roa: Make Way for Taranaki* – the Regional Economic Development Strategy and Action Plan adopted in February 2018. Tapuae Roa takes a cross-regional approach, focusing on unlocking opportunities for economic growth in the region. Tapuae Roa's mission statement: *Taranaki, where talent becomes enterprise – Kia eke panuku*, captures the regional vision for Taranaki as a place that offers an attractive lifestyle for talented people, in a high value economy.

## WHY WE DO IT

The Government has a vested interest in ensuring New Zealand's regions enjoy prosperity and success. We work collaboratively with the other Taranaki councils, central Government and the private sector toward economic development of the region and of the New Plymouth District.

Our activities contribute to the Council's strategic vision of *Building a Lifestyle Capital – supporting a prosperous community – awahi mai awahi atu, tātou katoa*. To help ensure a vibrant economy, we support local businesses, encouraging a diverse range of industries that will grow jobs in the district. We aim to make it easy to do business here, to encourage economic growth and diversity and to build resilience and sustainability across our communities.

## EFFECTS ON THE COMMUNITY WELL-BEING

The economic development service supports resilient and sustainable communities that enjoy prosperity and success. There are no significant negative effects identified from this activity.

## SIGNIFICANT CHALLENGES DURING THE YEAR

We're operating in a complex space following the Government's sudden oil and gas exploration decision, working to retain and grow a positive image of the region and New Plymouth District, and to understand what a transition looks like and what opportunities and challenges it presents.

We're working to support and co-ordinate the implementation of the Tapuae Roa Strategy and Action Plan (across over 100 actions and multiple organisations)

We're working to deliver Provincial Growth Fund funded projects, advocate for further investment and support funding approvals to bear fruit and progress forward – in addition to delivering core business.

We're working to deliver the Taranaki 2050 Roadmap, particularly as the first region to develop a low-emissions transition roadmap in New Zealand, and ensuring engagement and transparent co-creation across the region/community.

# Economic Development

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We promote the New Plymouth District and the Taranaki region as a vibrant and desirable place to live, work and visit.				
The number of major events attracted or retained.	4	●	12 <sup>1</sup>	13 <sup>2</sup> - target 3
We facilitate, promote, and support sustainable business growth, investment and employment opportunities in Taranaki.				
The level of annual investment in regional businesses (subject to central government policy).	\$1,000,000	●	\$2,318,933 <sup>3</sup>	\$3,202,362 <sup>3</sup> - target \$500,000
The annual percentage of clients satisfied with Venture Taranaki business support services.	>85%	●	91%	92% - target >80%
The level of annual investment in the management capability of Taranaki's small and medium sized businesses.	\$240,000	●	\$347,474 <sup>4</sup>	\$404,468.92 <sup>4</sup> - target \$140,000

<sup>1</sup> Events were AmeriCARna 2019; BDO Around the Mountain Cycle Challenge 2020; Concert at the TSB Bowl of Brooklands (Ben Harper and The Innocent Criminals); ITU New Plymouth Sprint Triathlon World Cup 2019; New Zealand Breakers v. Cairns Taipans, ANBL home game; New Zealand Sprint Distance Championships 2020; New Zealand Tattoo and Art Festival 2019; Taranaki Garden Festival 2019; Taranaki Steelformers Around the Mountain Cycle Challenge 2019; Toto and Dragon – A Summer's Day Concert at the TSB Bowl of Brooklands; Winter Fest 2019; WOMAD 2019.

<sup>2</sup> Events were Altherm Jetsprint Championship 2018 - 2 events, AmeriCARna 2018, BDO Around the Mountain Cycle Challenge 2019, Bryan Adams Get Up Tour 2018, ITU New Plymouth Sprint Triathlon World Cup 2018, New Zealand Offshore Powerboat Championship series 2018, New Zealand Schools Triathlon Chamionships 2019, New Zealand Tattoo & Art Festival 2018, Powero Garden Festival 2018, Right Royal Cabaret Show 2018, Steelformers Around the Mountain Relay 2018, TSB Festival of Lights 2018/19, WOMAD 2018.

<sup>3</sup> Research and development and innovation funding facilitated into Taranaki business (across 31 transactions, 2017/18 across 45 transactions).

<sup>4</sup> Capability development voucher funding invested across 206 vouchers (2017/18: 249 vouchers).

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		3.81	3.81	2.90
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>3.81</b>	<b>3.81</b>	<b>2.90</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1	(3.38)	(3.26)	(2.84)
Finance costs		(0.01)	(0.01)	-
Internal charges and overheads applied		(0.45)	(0.47)	(0.06)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(3.85)</b>	<b>(3.75)</b>	<b>(2.90)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>(0.04)</b>	<b>0.06</b>	<b>-</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	(0.01)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>-</b>	<b>(0.01)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		0.04	(0.05)	-
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>0.04</b>	<b>(0.05)</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>0.04</b>	<b>(0.06)</b>	<b>-</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

## Variance explanation Actual 2018/19 to LTP 2018/19

1. Operating expense is higher than budget due to additional spend approved by the Council from 2017/18 surplus.

# Emergency Management and Business Continuance

As a member of the Taranaki Civil Defence Emergency Management Group, NPDC works with the other Taranaki councils, the community and other agencies to plan for and manage the regional response to major or widespread emergency events. These activities ensure that there is a strong regional response to any civil defence emergency in the region. They also ensure our communities are aware of the hazards in the region and know how to prepare and recover from emergencies associated with those hazards.

We also manage NPDC's internal crisis management response outside of Civil Defence activation. This includes planning systems and processes to ensure NPDC continues to operate as well as possible during an emergency event, both major and minor.

## WHY WE DO IT

Activities within the Taranaki Civil Defence Emergency Management Group are driven by key legislation such as the Civil Defence Emergency Management Act 2002. This Act requires councils to take responsibility for the reduction of, readiness for, response to, and recovery from risks and events associated with emergency management.

All of our activities aim to reduce the effect of emergency events on the quality of life of our residents and ensure that NPDC services are maintained or restored as quickly as possible following an emergency event.

The emergency management and business continuance service supports the Council's strategic vision of *Building a Lifestyle Capital – putting people first and supporting a prosperous community*.

We support *putting people first – aroha ki te tangata* through supporting the community to reduce, prepare, respond and recover from natural disasters. Our civil defence work puts people first through the protection of people and property.

Our emergency planning and management also aims to reduce the economic impacts of an emergency event and ensure a fast recovery. In doing so, we contribute to *supporting a prosperous community – awhi mai awhi atu, tātou katoa*.

## EFFECTS ON THE COMMUNITY WELL-BEING

All of our activities are about protecting people and property in the event of an emergency or a widespread event. There are no significant negative effects identified from this activity.

## SIGNIFICANT CHALLENGES DURING THE YEAR

NPDC Civil Defence and Emergency Management Team have spent a significant amount of time during the year recruiting and training volunteers to build capacity to respond more effectively to emergencies in the New Plymouth District. This has been ongoing with staff coming and going throughout NPDC and will continue. Our challenge going forward is to build mutually beneficial relationships with our communities, especially those in higher risk areas. This is a huge focus for us in the coming year.

We also have the challenge of staying current, and in the forefront of peoples' minds when emergencies are not happening. With this we are developing a strategic marketing campaign to try and keep our momentum flowing, with the goal of eventually embedding emergency management within our day-to-day lives.

While we have recruited and trained approximately 180 Emergency Operations Centre staff (includes NPDC staff and people from the community) in the last 12 months, we are challenged with succession planning, both in a Co-ordinated Incident Management System capacity to manage our Emergency Operations Centre in an emergency, and within NPDC to allow staff to be freed up to help in an emergency. We are currently working on what our ability is to absorb an emergency, and how that might impact our ability to deliver critical business and usual services.

# Emergency Management and Business Continuance

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We plan for emergency events.				
Emergency processes and plans are up to date.	Emergency plans are reviewed	●	Achieved <sup>1</sup>	Achieved <sup>2</sup> - target reviewed and updated

- <sup>1</sup> Emergency plans have all been reviewed. Further refinement and development of emergency plans will continue in 2019/20. This has become part of a wider regional emergency management approach to Business Continuity Planning where we as a region are looking at a consistent approach to compliment Civil Defence Emergency Management arrangements. Exercises have been run for the Three Waters Team and the Executive Leadership Team. Similar exercises are being rolled out across the business over the 2019/20 year capturing any corrective actions.
- <sup>2</sup> Work is ongoing to ensure Emergency Response and Business Continuity Plans and processes are up-to-date. Those plans and processes were tested for real by the water supply outage event in March 2018. A 'lessons learned' process has been undertaken and the improvement opportunities defined will be addressed during 2018/19 and beyond.

# Emergency Management and Business Continuance

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		1.29	1.29	0.49
Targeted rates		-	-	-
Subsidies and grants for operating purposes		1.11	1.12	-
Fees and charges		0.04	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>2.44</b>	<b>2.41</b>	<b>0.49</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1	(1.62)	(1.72)	(0.36)
Finance costs		(0.02)	(0.02)	-
Internal charges and overheads applied		(0.29)	(0.59)	(0.13)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(1.93)</b>	<b>(2.33)</b>	<b>(0.49)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>0.51</b>	<b>0.07</b>	<b>-</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		0.62	0.32	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>0.62</b>	<b>0.32</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	2	(0.65)	(0.37)	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves	2	(0.48)	(0.02)	-
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(1.13)</b>	<b>(0.39)</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(0.51)</b>	<b>(0.07)</b>	<b>-</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Variance explanation Actual 2018/19 to LTP 2018/19

1. The operating expense is lower than budget due to savings from the in-house training of volunteers.
2. The renewals capital expenditure and reserve funding are higher than budget due to the development of the Emergency Coordination Centre and the Emergency Operations Centre.



# Flood Protection and Control Works

NPDC's flood protection and control works service provides flood protection systems to urban areas in the New Plymouth District. We monitor and maintain dams, three diversion tunnels, several bunded ponding areas and a weir.

## WHY WE DO IT

The flood protection and control works service supports the Council's strategic vision of *Building a Lifestyle Capital - putting people first, caring for our place, and supporting a prosperous community*.

Reducing flood risk promotes *putting people first - Aroha ki te tangata* through protecting people and property from the effects of flooding from rivers and streams in severe storm events, enabling residents to continue with their daily lives after a significant rainfall event.

Reducing flood risk helps NPDC in *supporting a prosperous community - awhi mai, awhi atu, tātou katoa* by protecting businesses and industry from flood risk, including through the Huatoki dam scheme reducing flood impacts on the Central Business District.

Our flood protection and control works also protect our natural environment and outdoor lifestyle opportunities, promoting *Caring for our place - manaaki whenua, manaaki tangata, haere whakamua*.

## EFFECTS ON THE COMMUNITY WELL-BEING

Flood protection and control works can have a range of effects on the community. Many of the positive effects are outlined in the section "why we do it". Potential negative effects are identified in the following table.

Effect	How the Council Intends to Mitigate the Effect
In severe storms, flood water has the potential to overwhelm flood protection infrastructure and harm people and buildings.	To reduce this risk, we take the probability of severe storm events into account when designing the capacity of the protection systems.  We also identify at-risk flood areas, taking steps to manage development in these areas.

## SIGNIFICANT CHALLENGES DURING THE YEAR

An emergency response exercise was run based upon a dam overtopping scenario. Improvements to our response preparedness were identified and will be implemented in 2019/20.

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We effectively maintain the Council's flood protection and control works.				
Major flood protection and control works are maintained, repaired and renewed in accordance with the Asset Management Plan and annual works programme.	Achieved	●	Achieved	Achieved <sup>1</sup>

<sup>1</sup> Performance measure for 2017/18 read "Flood protection works are renewed in accordance with the asset management plan and annual works programme".

## Flood Protection and Control Works

### FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		0.13	0.13	0.20
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>0.13</b>	<b>0.13</b>	<b>0.20</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(0.03)	(0.07)	(0.16)
Finance costs		(0.01)	(0.01)	(0.02)
Internal charges and overheads applied		(0.03)	(0.02)	(0.01)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(0.07)</b>	<b>(0.10)</b>	<b>(0.19)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>0.06</b>	<b>0.04</b>	<b>0.01</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	-	0.01
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>-</b>	<b>-</b>	<b>0.01</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	(0.01)
- to replace existing assets		-	(0.02)	(0.01)
(Increase)/decrease in reserves		(0.06)	-	-
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(0.06)</b>	<b>(0.03)</b>	<b>(0.02)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(0.06)</b>	<b>(0.04)</b>	<b>(0.01)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Variance explanation Actual 2018/19 to LTP 2018/19

There are no material variances in this activity.

# Govett-Brewster Art Gallery/Len Lye Centre

The Govett-Brewster Art Gallery is Aotearoa's leading contemporary art museum. Recognised nationally and internationally for its dedication to contemporary art and commitment to art from the Pacific, the gallery offers a wide range of dynamic exhibitions, community events and education programmes.

In 2015, the Len Lye Centre opened as an extension to the Govett-Brewster Art Gallery. New Zealand's first institution dedicated to a single artist, it is a facility of local, national and international significance. The Len Lye Centre provides a continuous, accessible and stimulating programme that explores the art and ideas of this pioneering filmmaker and kinetic sculptor.

## WHY WE DO IT

Providing high-quality and diverse cultural and recreational experiences supports the Council's strategic vision of *Building a Lifestyle Capital – putting people first and supporting a prosperous community*.

The activities of this service contribute to the quality of life and cultural well-being of our people, and support the district's reputation as a national and international destination of choice.

The gallery continually develops challenging and changing exhibitions, programmes and events as part of its role in contributing to *putting people first - aroha ki te tangata*.

The Govett-Brewster Art Gallery and Len Lye Centre contribute to *supporting a prosperous community - awhi mai, awhi atu, tātou katoa* as the combined facility is a major contributor to the region's tourism sector, attracting out-of-region visitors, including international visitors (according to BERL research). This contributes to a vibrant economy and raises the national and international profile of the New Plymouth District as a cultural tourism experience.

## EFFECTS ON THE COMMUNITY WELL-BEING

Our exhibitions and community programmes are accessible and engaging for residents and visitors from diverse communities, including iwi. There are no significant negative effects identified from this activity.

## SIGNIFICANT CHALLENGES DURING THE YEAR

During the 2018/19 year, the gallery introduced admission charges for visitors from outside the New Plymouth District. This provided challenges to both staff and gallery visitors. The introduction of the admission charge has presented challenges in meeting the performance measures.

In addition, the gallery director role was vacant until March 2019.

# Govett-Brewster Art Gallery/Len Lye Centre

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide access to an engaging range of contemporary art from NZ and around the world.				
The annual number of exhibitions on offer.	7	●	7 <sup>1</sup>	3 <sup>2</sup> - target 3
The annual number of visitor entries.	116,000	●	47,188 <sup>3</sup>	96,736 <sup>4</sup> - target 103,000
The percentage of residents satisfied with the service (NRB survey).	Meets or exceeds peer group average (88%)	●	60% <sup>5</sup>	66% <sup>6</sup> - target 91%
The percentage of customers satisfied with their overall experience at the Govett-Brewster Art Gallery and Len Lye Centre (in-house surveys).	82%	●	67% <sup>7</sup>	New measure

- <sup>1</sup> Seven exhibition suites held, comprising 17 exhibitions. Fifteen exhibitions were developed in-house and two were externally generated.
- <sup>2</sup> Performance measure specified 'Number of exhibition suites per year'. Three exhibition suites held, with 14 in-house exhibitions and one external touring exhibition (Australia). There was also an additional performance measure that specified 'Number of Len Lye exhibitions annually' with a target of two that was met with 11 exhibitions, two film projections and four external touring exhibitions (Christchurch x two, Auckland and Australia).
- <sup>3</sup> 16,234 visitors paid admission. Following high levels of visitation after re-opening, the result is considered to reflect a combination of expected natural attrition and the introduction of the admission charge.
- <sup>4</sup> Visitor numbers represent the mean of hand count (81,022) and Trueview/electronic count (111,730).
- <sup>5</sup> NRB result potentially reflects a combination of the introduction of door charges in August 2018 and concerns relating to gallery content.
- <sup>6</sup> 69% (52% including don't know responses) compared to peer group average 91% (53% including don't know responses).
- <sup>7</sup> In-house survey result potentially reflects a combination of the introduction of door charges in August 2018 and concerns relating to gallery content. Based on internal survey from 409 participants.

**FUNDING IMPACT STATEMENT for the year ended 30 June 2019**

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		4.33	4.33	3.22
Targeted rates		-	-	-
Subsidies and grants for operating purposes	1	0.10	0.28	0.45
Fees and charges	2	0.55	0.67	0.28
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>4.98</b>	<b>5.28</b>	<b>3.94</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(3.29)	(3.62)	(2.64)
Finance costs		(0.02)	(0.02)	-
Internal charges and overheads applied		(1.49)	(1.40)	(1.14)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(4.80)</b>	<b>(5.04)</b>	<b>(3.78)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>0.18</b>	<b>0.24</b>	<b>0.16</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt	3	0.16	0.04	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>0.16</b>	<b>0.04</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	3	(0.17)	(0.05)	-
- to replace existing assets		(0.08)	(0.16)	(0.08)
(Increase)/decrease in reserves		(0.09)	(0.07)	(0.08)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(0.33)</b>	<b>(0.28)</b>	<b>(0.16)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(0.18)</b>	<b>(0.24)</b>	<b>(0.16)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

**Variance explanation Actual 2018/19 to LTP 2018/19**

1. Operating grant income is lower than budget due to the change in sponsorship strategy and a reduction in donations received due to admission charges.
2. Admission charges revenue is lower than budget due to lower visitor numbers.
3. The level of service capital expenditure and debt funding are higher than budget due to the acquisition of Len Lye artwork 'Trilogy'.

# Governance

The governance service supports the Mayor, councillors and community board members to be effective, representative and accountable decision-makers. We facilitate and administer Council, committee and community board meetings and coordinate a range of civic functions. We also manage local authority elections.

We make sure that people have easy access to the information they need to be involved in Council decision-making.

## WHY WE DO IT

Under the Local Government Act, 2002, elected members must represent their communities and make decisions in an open, transparent and accountable manner. The NPDC's governance service ensures the Council makes quality decisions in accordance with statutory requirements.

Robust decision-making processes that are aligned with our key strategic aims supports the Council's vision of *Building a Lifestyle Capital – putting people first*.

In particular, providing a democratic system of governance, through elections and consultation processes, *promotes putting people first - aroha ki te tangata*. This enables the Council to fulfil its vision for the district.

## EFFECTS ON THE COMMUNITY WELL-BEING

The governance service supports an engaged community that participates in the democratic process. There are no negative effects associated with this service.

## SIGNIFICANT CHALLENGES DURING THE YEAR

The enactment of the Waitara Lands Act required the establishment of a board with the function of determining the distribution of the Waitara Perpetual Community Fund.

In late 2018, NPDC underwent independent assessment for the CouncilMARK local government excellence programme. The four priority areas are excellence in governance, leadership and strategy, excellence and transparency in financial decision-making, excellence in service delivery and asset management and, strong engagement with the public and businesses. NPDC received a BBB rating which demonstrates some areas of strong performance and competence generally.

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We effectively manage local elections in accordance with statutory requirements.				
Elections and polls comply with the provisions of the Local Electoral Act 2001 and are without successful petitions for inquiry into the conduct of elections.	*	N/A	No elections held	2 by-elections <sup>1</sup>
Council processes comply with statutory requirements.				
The Long-Term Plan, Annual Plan and Annual Report are each adopted within statutory timeframes.	Full compliance	●	Achieved	Achieved
Meeting agendas are available as specified by legislation.	Full compliance	●	Achieved	Achieved

\* No triennial elections in this year.

<sup>1</sup> North Ward (one councillor) and Inglewood Community (one Community Board member).

**FUNDING IMPACT STATEMENT for the year ended 30 June 2019**

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		4.29	4.29	6.09
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		0.02	0.01	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>4.31</b>	<b>4.30</b>	<b>6.09</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1	(1.70)	(2.04)	(2.21)
Finance costs		(0.01)	(0.01)	-
Internal charges and overheads applied		(2.09)	(2.21)	(3.83)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(3.80)</b>	<b>(4.26)</b>	<b>(6.04)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>0.51</b>	<b>0.04</b>	<b>0.05</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	-	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		(0.51)	(0.04)	(0.05)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(0.51)</b>	<b>(0.04)</b>	<b>(0.05)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(0.51)</b>	<b>(0.04)</b>	<b>(0.05)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

**Variance explanation Actual 2018/19 to LTP 2018/19**

1. Operating expense is lower than budget due to a delay in the release of the District Plan which has resulted in savings from appeals/challenges.

# Management of Investments and Funding

This service manages all council-owned investments, all income not assigned to other NPDC activities and all of NPDC's borrowing. This includes:

- The Perpetual Investment Fund (PIF), managed by the New Plymouth PIF Guardians Limited.
- One hundred per cent ownership of Papa Rererangi i Puketapu Limited, the council-controlled trading organisation that operates New Plymouth Airport.
- Administration of 1,500 property leases and agreements.
- Production forestry on NPDC-owned land and two joint venture forestry investments.
- Minor equity investments in Civic Financial Services Limited and the Local Government Funding Agency.

## WHY WE DO IT

Managing NPDC investments and borrowing responsibly contributes directly to the Council's strategic vision of *Building a Lifestyle Capital – putting people first, caring for our place, and supporting a prosperous community.*

Developing and protecting funding in addition to income from rates contributes to the NPDC's capacity to develop the district.

## EFFECTS ON THE COMMUNITY WELL-BEING

The activities of this service ensure responsible management of Council investments and borrowings. There are no significant negative effects identified from this activity.

## SIGNIFICANT CHALLENGES DURING THE YEAR

The key challenge this financial year was the volatility in the markets and the resulting impact on the value of the PIF. The volatility has resulted in the monthly returns of the PIF fluctuating between negative and positive. The year closed on an increase in the value of the PIF of 2.71 per cent net of the release payment paid out to NPDC. The gross increase in value was 5.69 per cent.

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We manage the Perpetual Investment Fund (PIF) to provide sustainable Council revenue.				
The annual return from the PIF received by the Council.	3.3% + CPI + management fees and costs	●	Achieved <sup>1</sup>	New measure
We manage the Council's borrowing programme in accordance with the Liability Management Policy. <sup>2</sup>				
Debt levels comply with limits set by policy.	All measures met	●	All measures met	All measures met

<sup>1</sup> \$8.6m of release payments received by NPDC.

<sup>2</sup> The Liability Management Policy is incorporated within the Treasury Management Policy.



## FUNDING IMPACT STATEMENT

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		(9.16)	(9.16)	(7.23)
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	5.45	2.25	-
Internal charges and overheads recovered		-	-	(0.03)
Local authorities fuel tax, fines, infringement fees and other receipts		12.00	11.76	14.65
<b>Total operating funding (A)</b>		<b>8.29</b>	<b>4.86</b>	<b>7.40</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1	(5.68)	(1.49)	(3.46)
Finance costs		0.71	(1.06)	(0.32)
Internal charges and overheads applied		(0.94)	(0.32)	(1.15)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(5.90)</b>	<b>(2.87)</b>	<b>(4.93)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>2.38</b>	<b>1.99</b>	<b>2.47</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(1.32)	(0.26)	(0.79)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>(1.32)</b>	<b>(0.26)</b>	<b>(0.79)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.01)	-	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		(1.06)	(1.73)	(1.68)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(1.06)</b>	<b>(1.73)</b>	<b>(1.68)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(2.38)</b>	<b>(1.99)</b>	<b>(2.47)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Variance explanation Actual 2018/19 to LTP 2018/19

1. Recoverable works income and expenditure is higher than budget due to additional Yarrow Stadium works and forestry harvest which were unbudgeted.

# Parks and Open Spaces

The New Plymouth District has a reputation for the quality of its public parks and open spaces. The places, spaces and assets we manage and maintain include:

- 1,600ha of park and reserve land.
- 82km of walkways, including 12.7km of Coastal Walkway.
- 51 playgrounds.
- Nine skate park sites.
- 24 sports parks for use by residents and visitors.
- The regional crematorium and administer 15 operational cemeteries.
- Brooklands Zoo.
- Public art and monuments.
- 47 public toilets.

## WHY WE DO IT

The parks and open spaces service supports the Council's strategic vision of *Building a lifestyle capital – putting people first, caring for our place, and supporting a prosperous community*.

Our parks and reserves promote *caring for our place - manaaki whenua, manaaki tangata, haere whakamua*, through managing and protecting our natural landscape, including untouched native bush, coastal areas and regenerating bushland. Parks and reserves help to manage our community to achieve sustainability and include features of outstanding biodiversity in the urban environments. The network of parks and reserves provide opportunities for people to be active, whether it be along our walkways, sports parks, playgrounds or other uses.

The parks and open spaces service promotes *putting people first - aroha ki te tangata* through supporting community activities, including through the provision of volunteering activities (such as restorative planting) and places for community events. The crematorium and cemeteries provide appropriate and sensitive memorial spaces for families.

Our activities also contribute to *supporting a prosperous community - awhi mai awhi atu, tātou katoa*. Campgrounds and leisure and sports parks, along with facilities for outdoor events such as WOMAD at the Bowl of Brooklands provide for tourism opportunities and bolster an economy supported by a diverse range of industry in the district. The activity also supports new developments to accommodate population growth through the provision of new parks and reserves.

## EFFECTS ON THE COMMUNITY WELL-BEING

The parks and open spaces service provides the community with quality recreation and leisure opportunities, access to nature and supports a diverse economy. Many of our parks and open spaces contribute to the ecological welfare of the environment. There are no significant negative effects from this service.

## SIGNIFICANT CHALLENGES DURING THE YEAR

While there have been no significant challenges this year the increasing use of our parks and open spaces from continued significant growth in both population and tourism has been noticed.

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We maintain quality district parks, reserves and open spaces.				
The percentage of residents satisfied with the quality of the district's parks and reserves, including the Coastal Walkway and Pukekura Park (NRB survey).	95%	●	95%	95% <sup>1</sup>
The percentage of residents satisfied with the quality of the district's urban landscapes and streets (NRB survey).	95%	●	92% <sup>2</sup>	94% <sup>3</sup>
The percentage of residents satisfied with the quality of the district's sports parks (NRB survey).	95%	●	86% <sup>2,4</sup>	94% <sup>5</sup>
The percentage of residents satisfied with the quality of the district's playgrounds (NRB survey).	95%	●	93% <sup>2</sup>	94% <sup>6</sup>
The percentage of Brooklands Zoo visitors satisfied with the zoo (in-house survey).	90%	●	98%	94% <sup>7</sup>
We maintain access to the district's parks, reserves and open spaces.				
The percentage of households in the district that are within 500 metres of a park, reserve or neighbourhood open space.	71%	●	71%	71%
We provide quality public toilets across the district.				
The percentage of the community satisfied with the quality of the district's public toilets (NRB survey).	80%	●	80%	86% <sup>8</sup> - target 70%

<sup>1</sup> 94% including don't know responses.

<sup>2</sup> Increasing use of our parks and open spaces from continued ongoing significant growth in both population and tourism.

<sup>3</sup> 92% including don't know responses.

<sup>4</sup> NRB result potentially influenced by closure of Yarrow Stadium.

<sup>5</sup> 80% including don't know responses.

<sup>6</sup> 80% including don't know responses.

<sup>7</sup> From user satisfaction survey (98% including moderately satisfied).

<sup>8</sup> 73% including don't know responses.

## Parks and Open Spaces

### FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		13.76	13.76	13.91
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.02	0.01	0.02
Fees and charges		2.17	1.98	1.89
Internal charges and overheads recovered		0.18	-	0.23
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>16.13</b>	<b>15.75</b>	<b>16.05</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(10.93)	(10.47)	(9.74)
Finance costs		(0.47)	(0.47)	(0.38)
Internal charges and overheads applied		(2.67)	(2.54)	(4.52)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(14.06)</b>	<b>(13.48)</b>	<b>(14.64)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>2.07</b>	<b>2.27</b>	<b>1.41</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	1	0.75	-	-
Development and financial contributions		0.06	0.52	-
Increase/(decrease) in debt	1	3.16	1.02	0.81
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>3.97</b>	<b>1.54</b>	<b>0.81</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		(0.21)	(0.01)	(0.27)
- to improve the level of service	1	(3.62)	(1.71)	(0.54)
- to replace existing assets		(3.04)	(2.91)	(2.31)
(Increase)/decrease in reserves		0.83	0.83	0.90
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(6.03)</b>	<b>(3.80)</b>	<b>(2.22)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(2.07)</b>	<b>(2.27)</b>	<b>(1.41)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Variance explanation Actual 2018/19 to LTP 2018/19

1. The level of service capital expenditure and debt funding are higher than budget primarily due to the construction of the Mangorei Road carpark brought forward from 2019/20. In addition a grant was received from Regional Growth Fund for Mangorei Road carpark.

# Puke Ariki and Community Libraries

Puke Ariki's central library, five community libraries, mobile library, museum and visitor information centre connect Taranaki residents and out-of-region visitors to a wealth of knowledge, exhibitions, experiences and resources. We are a dynamic people-orientated centre, protecting and promoting access to the heritage of the district and our country. We provide an accessible mix of print and digital lending and reference resources to meet the changing needs of our community.

## WHY WE DO IT

The services of Puke Ariki and community libraries supports the Council's strategic vision of *Building a Lifestyle Capital – putting people first and supporting a prosperous community*.

Puke Ariki and community libraries *supports putting people first - aroha ki te tangata* through providing the community with access to quality information and space for social contact in a safe, neutral environment. Our exhibitions, heritage collections, research facilities and public and education programmes foster a collective sense of identity in the community. We contribute to a strong sense of Taranaki culture and identity and offer experiences that nurture a greater understanding of Te Ao Māori.

Free access to Puke Ariki collections, the internet, and programmes and events *supports a prosperous community – awahi mai awahi atu, tātou katoa*. Our central and community library services build prosperity, knowledge, skills and literacy within the community by providing learning opportunities to maximise the potential of our people. The i-SITE Visitor Information Centre provides valuable local knowledge that directs visitors to local attractions and encourages them to stay longer. This supports and promotes a diverse range of local businesses, and contributes to a diverse economy.

## EFFECTS ON THE COMMUNITY WELL-BEING

Puke Ariki provides residents and visitors learning opportunities to maximise their potential and capacity. There are no significant negative effects identified from this activity.

## SIGNIFICANT CHALLENGES DURING THE YEAR

There have been no significant challenges this year.

# Puke Ariki and Community Libraries

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide an accessible and informative point of contact and booking service for visitors to New Plymouth District.				
The percentage of customers satisfied with the i-SITE Visitor Information Centre (in-house survey).	95%	●	98%	100%
We provide an accessible mix of lending and reference resources that meet the changing needs of the community.				
The percentage of customers who are satisfied with the library collections (in-house surveys).	95%	●	95%	97%
The number of library members.	28,000	●	22,405 <sup>1</sup>	New measure
The annual number of library items loaned.	795,000	●	804,950	New measure
We offer widely accessible and engaging education programmes.				
The annual number of programmed learning opportunities on offer.	1,200	●	1,527 <sup>2</sup>	1,890 <sup>3</sup>
The number of participants attending.	29,000	●	32,517	40,145 - target 20,000
The percentage of participants satisfied with programmes ( in-house).	95%	●	97% <sup>4</sup>	97% <sup>4</sup>
We provide 24/7 online access to the heritage collection.				
The number of digital heritage records created or improved annually.	11,000	●	5,236 <sup>5</sup>	7,513 <sup>6</sup> - target 10,000

<sup>1</sup> A 'cull' of old library records was undertaken after the LTP target was set. This number more accurately reflects active membership.

<sup>2</sup> This includes 905 facilitated school education programmes, conducted throughout Puke Ariki, the Taranaki Research Centre, Discover It! and Community Libraries.

<sup>3</sup> This includes 1,292 facilitated school education programmes conducted through Puke Ariki, the Taranaki Research Centre, Discover It and the community libraries (target 900).

<sup>4</sup> Teachers gave 100 per cent satisfaction for education programmes.

<sup>5</sup> Delay in recruitment limited the time available for the new resource to undertake the work. Changes in technology and public expectations of digital databases have led to a review of the scope of the project.

<sup>6</sup> Exhibitions and associated projects resulted in less resource available. This will be addressed in the 2018/19 year with specialist contract resource in place to progress the project.

**FUNDING IMPACT STATEMENT for the year ended 30 June 2019**

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		10.35	10.35	11.40
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.26	0.40	0.34
Fees and charges		0.46	0.41	0.44
Internal charges and overheads recovered		-	-	0.16
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>11.07</b>	<b>11.17</b>	<b>12.34</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(5.92)	(5.78)	(5.40)
Finance costs		(0.07)	(0.07)	-
Internal charges and overheads applied		(3.59)	(3.45)	(4.80)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(9.58)</b>	<b>(9.30)</b>	<b>10.21</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>1.50</b>	<b>1.87</b>	<b>2.13</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.01	0.14	-
Increase/(decrease) in debt		0.58	0.42	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>0.59</b>	<b>0.56</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.56)	(0.58)	(0.34)
- to replace existing assets		(1.09)	(1.31)	(1.35)
(Increase)/decrease in reserves		(0.43)	(0.54)	(0.45)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(2.09)</b>	<b>(2.43)</b>	<b>(2.13)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(1.50)</b>	<b>(1.87)</b>	<b>(2.13)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

**Variance explanation Actual 2018/19 to LTP 2018/19**

There are no material variances in this activity.

# Stormwater Management

Stormwater is rainwater that flows from surfaces like roofs, gardens, footpaths and roads. NPDC's stormwater drainage schemes collect, manage and dispose of stormwater run-off from around 6,600 hectares of urban area in the district, covering New Plymouth, Bell Block, Waitara, Inglewood, Urenui, Ōnaero, Lepperton, Egmont Village, Ōākura and Okato.

We operate and maintain 296 kilometres of stormwater pipes, a number of detention areas and engineered wetlands to help manage stormwater in the district.

## WHY WE DO IT

An inadequate stormwater system can lead to ponding which can damage property, pose risks to people's safety and create inflow into wastewater pipes leading to wastewater overflows to the environment. Our service manages stormwater run-off in urban areas by ensuring there is a consistent standard of design and protection to reduce these risks.

The stormwater management service supports the Council's strategic vision of *Building a Lifestyle Capital – putting people first, caring for our place, and supporting a prosperous community*.

Managing stormwater contributes to *putting people first - aroha ki te tangata*, by protecting people and property from the effects of stormwater run-off and localised flooding after a significant rainfall event.

Effective stormwater management contributes to *caring for our place - manaaki whenua, manaaki tangata, haere whakamua* by also protecting our natural resource.

Our planning for future challenges, such as an increased rainfall and climate change supports a *prosperous community - awhi mai, awhi atu, tātou katoa* in the district by minimising potential risks to property and industry. Our stormwater activity also accommodates development for population growth through providing new stormwater systems.

## EFFECTS ON THE COMMUNITY WELL-BEING

Stormwater management can have a range of effects on the community. Many of the positive effects are outlined in the section "why we do it". Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Heavy rain has the potential to overwhelm stormwater systems and affect community well-being. Discharge of polluted stormwater into waterways could also harm the environment.	We reduce this risk by ensuring a consistent standard of design and level of protection.

## SIGNIFICANT CHALLENGES DURING THE YEAR

The complexities of stormwater issues in Waitara have continued to be a challenge as we progress from the catchment management planning to prepare for the upgrades in stormwater infrastructure in Waitara starting in 2019/20 and ramping up in 2020/21.



HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide a stormwater management system that protects people and property.				
The number of flooding events in the district per financial year.	0	●	0	3
The number of habitable floors affected in each flooding event (per 1,000 properties connected to the Council's stormwater system)	1 or less	●	0	<0.1 <sup>1</sup>
We comply with all resource consents for discharges from our stormwater system.				
The number of abatement notices, infringement notices, enforcement orders and convictions received.	0	●	0	0
We respond to service requests in a timely manner.				
The median response time to a flooding event (from the time that the Council receives notification to the time service personnel reach the site).	one hour	●	0.35 hours <sup>2</sup>	0.48 hours <sup>3</sup>
Customers are satisfied with the performance of our stormwater system.				
The number of complaints received about the performance of the Council's stormwater system (per 1,000 properties connected).	7 or less	●	1.96	5.97 <sup>4</sup> - target 7

- <sup>1</sup> Less than 0.1 for each of the three flooding events. Four habitable floors flooded (one on 3/7/17, two on 28/8/17 and two on 21/3/18) noting that the same habitable floor flooded on the August 2017 and March 2018 flooding events. The 2017/18 performance measure related to 1,000 connected customers.
- <sup>2</sup> The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have been verified by NPDC.
- <sup>3</sup> Median response time.
- <sup>4</sup> Measure related to 1,000 connected customers.

# Stormwater Management

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		1.31	1.31	1.57
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		0.01	0.01	0.01
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>1.31</b>	<b>1.32</b>	<b>1.59</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(0.68)	(0.63)	(0.41)
Finance costs		(0.15)	(0.15)	(0.15)
Internal charges and overheads applied		(0.35)	(0.17)	(0.37)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(1.18)</b>	<b>(0.95)</b>	<b>(0.93)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>0.14</b>	<b>0.36</b>	<b>0.66</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.08	0.20	-
Increase/(decrease) in debt		0.24	(0.21)	0.13
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>0.33</b>	<b>(0.01)</b>	<b>0.13</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		(0.01)	(0.05)	(0.00)
- to improve the level of service		(0.15)	(0.05)	(0.12)
- to replace existing assets	1	(0.37)	(0.21)	(0.17)
(Increase)/decrease in reserves	1	0.07	(0.04)	(0.49)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(0.46)</b>	<b>(0.36)</b>	<b>(0.79)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(0.14)</b>	<b>(0.36)</b>	<b>(0.66)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Variance explanation Actual 2018/19 to LTP 2018/19

1. The renewals capital expenditure and reserves funding are higher than budget primarily due to the works in response to weather events.

# Transportation

NPDC's transportation service manages a safe and efficient transport network that enables effective movement of people, goods and services around the district. We operate and maintain the district's transport network and plan for the future growth and development of the network.

Transportation activities are influenced by a complex mix of policy, legislation, and national and regional strategies. We work within this framework to develop, maintain and renew assets in the network and conduct traffic management on all roads except state highways. Our service covers:

- 1,278km of roads.
- 272 bridges.
- 8,039 street lights.
- 11,178 traffic signs.
- Five tunnels.

## WHY WE DO IT

The transportation service supports the Council's strategic vision of *Building a Lifestyle Capital – supporting a prosperous community and putting people first* by providing a transport network that enables cyclists, pedestrians and vehicles to travel throughout the district.

Our service is critical in *supporting a prosperous community - awhi mai, awhi atu, tātou katou*. The Taranaki economy, of which New Plymouth District is an integral part, relies heavily on road transport to move people, goods and services between homes, farms, factories and offices, as well as in and out of the region. Our services support industry and development by providing roads and footpaths that give public access to key industry facilities. The service also supports new developments through the provision of new roads and footpaths.

Maintaining road surfaces and providing traffic management and control systems is essential to community safety and well-being, contributing to *putting people first – aroha ki te tangata*. Streetlights provide night-time safety for all road users, including pedestrians. Well-designed and maintained streets also promote community cohesion, providing people with a sense of place and safe public places.

## EFFECTS ON THE COMMUNITY WELL-BEING

Transportation can have a range of effects on the community. Many of the positive effects are outlined in the section 'why we do it'. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Roadworks and construction can have negative environmental and social effects on the community, including congestion, delays and noise and air pollution. Delays can have economic impacts and road construction can have cultural effects if significant sites are disturbed during activity.	The Council seeks to minimise these effects through robust planning and contractual conditions.
Users of the network are exposed to the risks of crashes and injuries from mistakes, poor infrastructure, inappropriate speeds and risk taking.	We provide high quality infrastructure that users can easily understand and respond to with appropriate user behaviour. We provide education programmes and implement speed and intersection controls that reduce the risk of crashes. We promote respect, tolerance and understanding between user groups and their respective needs and vulnerabilities.

# Transportation

## SIGNIFICANT CHALLENGES DURING THE YEAR

During the year the transportation activity has transitioned to a NEC4 Term Services Contract procurement model.

It was a year of taking stock of assets inventory, assessing gaps, planning to strengthen weaknesses to take advantage of opportunities to better deliver our services in a more collaborative, effective and efficient way.

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide a local roading network that is safe for all road users.				
The change from the previous financial year <sup>1</sup> in the number of fatalities and serious injury crashes on the district's local roading network, expressed as a number.	Reducing	●	+13 <sup>2,3</sup>	-7 <sup>3</sup> - target no reduction
We provide good quality district roads.				
The average quality of ride on the district's sealed local road network, as measured by smooth travel exposure.	88%	●	88%	91% - target 86%
The percentage of residents satisfied with the overall quality of the district's roads (NRB survey).	85%	●	79% <sup>4</sup>	80% <sup>5</sup> - target 82%

<sup>1</sup> Measured 1 April to 31 March to reflect the delay in data processing.

<sup>2</sup> Results extracted from Crash Analysis System in July 2019, but data reliability dependent on input timeliness in data processing. There has also been an upgrade to CAS, which may have created a greater variation between 2017/18 and 2018/19.

	2018/19		2017/18		2016/17	
	Change	Actual	Change	Actual	Change	Actual
Fatal crashes	+1	3	+2	2	-1	-
Serious injury crashes	+12	26	-9	14	+4	23*

\*These numbers have been updated in July 2018 to reflect updated data.

<sup>4</sup> Reason for NRB result not meeting performance measure is not known.

<sup>5</sup> 80% including don't know responses.

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We appropriately maintain the district's sealed roads.				
The percentage of the sealed local road network that is resurfaced (target based on reseal cycle of 16.5 years) <sup>6</sup> .	5.7%	●	5.7%	7.7% - target 6%
We provide a high quality and safe footpath network.				
The percentage of footpaths that meet the levels of service and service standards in current condition surveys, as set out in the Transportation Asset Management Plan <sup>6</sup> .	>90%	●	88% <sup>7</sup>	99% - target 95%
Footpath length recorded as failed.	<1%	●	0.3%	New measure
We respond to service requests in a timely manner.				
The percentage of roading and footpath related customer service requests responded to within target timeframes. <sup>8</sup>	95%	●	95%	96.3% <sup>9</sup>
We provide a quality and safe cycle network.				
The percentage of residents satisfied with the quality and safety of the district's cycle network (NRB Survey).	85%	●	83% <sup>4</sup>	83% <sup>10</sup> - target 78%.

<sup>6</sup> International Infrastructure Management Manual condition grading of 1 to 2 are considered in excellent and good condition. Unlike previous years where only a 10% representative sample of the network was rated, a full network condition rating carried out in 2018/19.

<sup>7</sup> Of the footpath length surveyed, 88% in excellent and good condition, 99% in excellent, good and fair condition.

<sup>8</sup> Service request timeframes:

- one day for an electrical fault with traffic signals, flooding, diesel spills, chemical spills or a slip to be cleared;
- three days for street lighting faults and potholes;
- five days for traffic counts, bus shelter repairs, road marking enquiries, culvert maintenance, rubbish bins, reinstatement of footpaths and debris in the roadside channel;
- ten days for road surface faults, kerb and channel repairs, new kerb and channel, missing road signs and vegetation clearing.

<sup>9</sup> Based on 4,829 customer service requests.

<sup>10</sup> 64% including don't know responses.

# Transportation

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		9.15	9.15	12.45
Targeted rates		3.96	3.94	-
Subsidies and grants for operating purposes		3.87	3.84	3.95
Fees and charges		0.61	0.34	0.25
Internal charges and overheads recovered		-	-	0.03
Local authorities fuel tax, fines, infringement fees and other receipts		0.59	0.53	0.53
<b>Total operating funding (A)</b>		<b>18.17</b>	<b>17.81</b>	<b>17.21</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(9.24)	(9.02)	(8.20)
Finance costs		(1.14)	(1.14)	(1.54)
Internal charges and overheads applied		(2.19)	(2.41)	(1.43)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(12.57)</b>	<b>(12.56)</b>	<b>(11.17)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>5.61</b>	<b>5.25</b>	<b>6.04</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		5.75	6.04	4.68
Development and financial contributions		0.33	0.29	-
Increase/(decrease) in debt		1.56	1.75	1.56
Gross proceeds from sale of assets		0.29	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>7.92</b>	<b>8.08</b>	<b>6.24</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		(0.22)	(0.46)	(0.63)
- to improve the level of service		(2.97)	(3.61)	(1.79)
- to replace existing assets	1	(7.67)	(9.59)	(8.00)
(Increase)/decrease in reserves	1	(2.66)	0.33	(1.86)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(13.53)</b>	<b>(13.33)</b>	<b>(12.28)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(5.61)</b>	<b>(5.25)</b>	<b>(6.04)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Variance explanation Actual 2018/19 to LTP 2018/19

1. The renewals capital expenditure and reserves funding are lower than budget primarily due to the deferral of the sealed pavement maintenance to 2019/20.

# Venues and Events

The venues and events service comprises a broad group of activities, including attracting and managing a diverse programme of events at the TSB Bowl of Brooklands, TSB Showplace, TSB Stadium and Yarrow Stadium.

Our events include the annual TSB Festival of Lights, the Home and Lifestyle Expo, local Waitangi Day celebrations and other civic events. We also support other local events such as WOMAD.

The Todd Energy Aquatic Centre caters for a range of ages and activities, including learn to swim and fitness classes. The district's four community pools operate seasonally, over the summer months. NPDC provides financial support to the Bell Block Community Pool Society Incorporated for the Bell Block Community Pool.

## WHY WE DO IT

All of the activities in the venues and events service play an important part in the Council's strategic vision of *Building a Lifestyle Capital – putting people first, supporting a prosperous community and caring for our place*.

Providing community, arts, cultural and sporting events *supports putting people first – aroha ki te tangata* by encouraging a sense belonging within the community.

The range of high quality and affordable venues and events available to residents also reinforces New Plymouth as a visitor destination for leisure, events and cultural activities. This provides opportunities for economic growth and diversification in the tourism market and therefore contributes to *supporting a prosperous community - awhi mai, awhi atu, tātou katoa*. A strategic approach to a thriving central city also contributes to ongoing economic growth in the district, supporting a vibrant and prosperous community.

Providing high-quality and affordable recreation and sport opportunities encourages an active lifestyle, promoting *caring for our place - manaaki whenua, manaaki tangata, haere whakamua*.

## EFFECTS ON THE COMMUNITY WELL-BEING

Venues and service can have a range of effects on the community. Many of the positive effects are outlined in the section "why we do it". Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Staging of events can create noise, traffic congestion, and inconvenience caused by road closures.	All events are managed within existing resource consent conditions. All major event planning includes provision for traffic management plans. All road closures are approved by the Council after the community has been notified and consulted.
There is a risk of inappropriate behaviour associated with patrons of events such as vandalism or other behaviour related incidents.	The Council works closely with the district police and the contracted security providers to ensure appropriate security arrangements are in place via the undertaking of risk assessments and planning for major events.
Events can generate additional waste.	A zero waste policy is developed for major events, and recycling receptacles are provided at all Council event venues to minimise the residual waste.
At district pools there are risks associated with water safety and hygiene.	We maintain water safety and quality at the district pools by achieving Poolsafe accreditation and ensuring staff are appropriately trained.

## SIGNIFICANT CHALLENGES DURING THE YEAR

The loss of Yarrow Stadium facilities during the year continued to restrict the level of business at the venue, whilst other venues have been very busy. Balancing the needs of user groups and event delivery across the venues is an ongoing challenge. Generating sufficient external funding to support the delivery of event programmes remains difficult.

## Venues and Events

### HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide high quality community pools that encourage community participation in aquatic activities.				
The percentage of residents satisfied with the Council's swimming facilities (NRB survey).	94%	●	93% <sup>1</sup>	92% <sup>2</sup> - target 80%
The number of pool patrons per year.	390,000	●	409,271	401,271 - target 350,000
We provide a range of appealing events at high quality venues.				
The percentage of residents satisfied with Council's events (NRB survey).	95%	●	94% <sup>3</sup>	96% <sup>4</sup>
The percentage of residents satisfied with the Council's events venues (NRB survey).	95%	●	91% <sup>3</sup>	94% <sup>5</sup> - target 90%
We provide a network of high quality venues that create opportunities for the community to attend arts, cultural, sporting and recreation activities.				
The number of attendees and events/bookings across all venues. <sup>6</sup>	280,000 attendees	●	284,789	373,106 - target 275,000
	1,000 events		1,203	1,343 - target 475

<sup>1</sup> NRB result may reflect age of the facilities, particularly the Todd Aquatic Energy Centre (TEAC), and that the upgrade/redevelopment of TEAC, originally planned to be initiated in 2017/18 in LTP 2012 now remains outside of the 10 year LTP window.

<sup>2</sup> 83% including don't know responses. 2017/18 performance measure also included reference to staff service.

<sup>3</sup> NRB result potentially influenced by closure of Yarrow Stadium.

<sup>4</sup> 90% including don't know responses

<sup>5</sup> 91% including don't know responses.

<sup>6</sup> NPDC has reduced the expected number of attendees and events/bookings as a result of the closure of Yarrow Stadium's east and west stands.



## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		8.43	8.43	6.85
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.95	0.79	0.55
Fees and charges	1	3.44	3.14	2.38
Internal charges and overheads recovered		-	-	0.11
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>12.82</b>	<b>12.35</b>	<b>9.89</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(7.63)	(7.76)	(4.50)
Finance costs		(0.09)	(0.09)	-
Internal charges and overheads applied		(3.16)	(2.97)	(4.18)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(10.88)</b>	<b>(10.82)</b>	<b>(8.69)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>1.94</b>	<b>1.53</b>	<b>1.20</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		0.05	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt	2	0.47	0.82	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>0.52</b>	<b>0.82</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	2	(0.52)	(0.85)	(0.03)
- to replace existing assets		(1.67)	(1.71)	(1.51)
(Increase)/decrease in reserves		(0.27)	0.20	0.34
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(2.46)</b>	<b>(2.35)</b>	<b>(1.20)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(1.94)</b>	<b>(1.53)</b>	<b>(1.20)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

## Variance explanation Actual 2018/19 to LTP 2018/19

1. Venues income is higher than budget due to additional concerts and events held.
2. The level of service capital expenditure and debt funding are lower than budget primarily due to the deferral of the TSB Stadium toilet block construction to 2019/20.

# Waste Management and Minimisation

The waste management and minimisation service includes waste and recycling collection from households and schools within defined areas of the district. Our kerbside collection includes mixed recyclables, glass and solid waste. We also operate four transfer stations, the Colson Road Regional Landfill and the New Plymouth Resource Recovery Facility (which includes a transfer station run by a private operator).

The service collects around 7,100 tonnes of solid waste and 5,600 tonnes of recyclable materials from more than 28,300 residential premises each year. Our transfer stations and the Resource Recovery Facility handle non-hazardous solid waste, including around 500 tonnes of green waste, 1,000 tonnes of recyclable materials and 16,700 tonnes of solid waste per year. The Resource Recovery Facility also accepts 2,500 tonnes of recycling from the Stratford and South Taranaki districts.

The Colson Road Regional Landfill takes around 42,000 tonnes of waste from the New Plymouth, Stratford and South Taranaki districts annually, disposing of it to an environmentally acceptable standard. We also promote waste minimisation, delivering educational programmes to communities, businesses and schools across the district.

## WHY WE DO IT

The waste management and minimisation service supports the Council's strategic vision *Building a Lifestyle Capital – caring for our place, putting people first, and supporting a prosperous community* by ensuring household and business waste is collected and disposed of without significant impact on the environment and public health.

Encouraging waste minimisation and better waste management practices reduces the amount of waste going to landfill. This supports *caring for our place - manaaki whenua, manaaki tangata, haere whakamua*. It protects our environment for future generations through sustainable management of waste.

Our waste management and minimisation service, particularly our kerbside collection service, is also about *putting people first - aroha ki te tangata* as it provides an easy and convenient disposal service for our community.

The solid waste service also enables businesses to dispose of their waste, contributing to *supporting a prosperous community - awahi mai, awahi atu, tātou katoa*. There are also opportunities for businesses to provide complementary services to those of NPDC, enabling new business opportunities. The kerbside collection area is reviewed to accommodate new development for population growth.

## EFFECTS ON THE COMMUNITY WELL-BEING

Waste management and minimisation can have a range of effects on the community. Many of the positive effects are outlined in the section "why we do it". Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
The disposal of solid waste in landfills has the potential to release substances including greenhouse gases and leachate, causing harm to the environment and community.	Firstly we aim to divert materials from landfill. When landfilled we minimise such negative effects through robust practices such as compacting and covering of landfill waste daily and ensuring the landfill is lined to capture and treat leachate from the landfill.

## SIGNIFICANT CHALLENGES DURING THE YEAR

Planning for the closure of Colson Road landfill in August 2019 has resulted in a significant change to the region's waste disposal. A decision to use the out-of-region Bonny Glen landfill in Marton for waste disposal in November 2018 has meant that the construction of Central landfill has stopped. The future development of the Central landfill site will be reviewed within five years.

As a result of the longer transport distances to Bonny Glen landfill, the local disposal of special waste which is more difficult to handle and consolidate became a focus, with planning and preparation completed for a special waste only disposal facility being trialled at Colson Road Landfill starting in August 2019.

## Waste Management and Minimisation

Contamination of kerbside recycling bins with non-recyclable items continued to show an increasing trend this year despite regular education campaigns and updated information provided to the community on a regular basis. Coupled with this, the recycling markets internationally have changed dramatically during the year particularly for paper and plastic commodities having a low value, which impacts on the economic feasibility of recycling some items. Work is currently underway locally and nationally to respond to this market change. Locally, a trial using recyclable plastics, collected from the kerbside in asphalt has been successfully completed and could provide a local solution to this difficult-to-recycle commodity.

### HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We encourage district wide waste minimisation.				
The reduction in landfill waste generated per household (measured as a year on year percentage).	1%	●	4% decrease <sup>1</sup>	2% increase <sup>1</sup>
We comply with all resource consents related to solid waste collection and management.				
The number of abatement notices, infringement notices, enforcement orders, and convictions received.	0	●	1 <sup>2</sup>	0 <sup>3</sup>
Customers are satisfied with our solid waste collection and management service.				
The number of complaints about the Council's solid waste service received (per 1,000 customers).	3 or less	●	0.63	0.95

<sup>1</sup> 252kg per household (2017/18: 263kg).

<sup>2</sup> One abatement notice for non-compliance in relation to Colson Road Landfill cap depth. Works to rectify to be completed by mid-March 2020. Planning to complete works is underway.

<sup>3</sup> Abatement notices, infringement notices, enforcement orders and convictions received were separated into four separate performance measures for 2017/18 with a target of none.

# Waste Management and Minimisation

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		2.43	2.43	-
Targeted rates	1	3.69	3.77	3.59
Subsidies and grants for operating purposes		-	-	-
Fees and charges	2	4.92	5.48	5.62
Internal charges and overheads recovered		0.94	0.75	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>11.99</b>	<b>12.43</b>	<b>9.21</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	3	(7.13)	(8.49)	(4.76)
Finance costs		(0.06)	(0.06)	(0.22)
Internal charges and overheads applied		(3.64)	(3.23)	(1.82)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(10.83)</b>	<b>(11.77)</b>	<b>(6.81)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>1.16</b>	<b>0.66</b>	<b>2.40</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		0.15	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(0.03)	(0.03)	0.01
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>0.12</b>	<b>(0.03)</b>	<b>0.01</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.51)	-	-
- to replace existing assets	4	(0.61)	(12.56)	-
(Increase)/decrease in reserves	4	(0.16)	11.94	(2.41)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(1.28)</b>	<b>(0.62)</b>	<b>(2.41)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(1.16)</b>	<b>(0.66)</b>	<b>(2.40)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

### Variance explanation Actual 2018/19 to LTP 2018/19

1. Rates income is lower than budget due to the kerbside collection area extension being deferred.
2. User charges income is lower than budget due to lower gate volumes and market prices received for materials recycling.
3. Operating expense is lower than budget due to elements of Waste Minimisation Master Plan implementation deferred to 2019/20.
4. The renewals capital expenditure and reserves funding are lower than budget due to the deferral of the Public Reuse and Recycling Centre to 2019/20, and the Central landfill construction put on hold.

# Wastewater Treatment

The wastewater treatment service provides a network of infrastructure to manage domestic and industrial wastewater in the district. We collect and treat sewage from the urban areas of New Plymouth, Bell Block, Waitara, Inglewood and Ōākura and return clean water to the environment.

Our activities include operating and maintaining a centralised treatment plant, 37 pump stations and 737 kilometres of sewer network. We also monitor the flow of trade waste into the network. On average, we handle 25 million litres of wastewater each day, servicing around 26,000 properties.

## WHY WE DO IT

The wastewater treatment service supports the Council's strategic vision of *Building a Lifestyle Capital – caring for our place, putting people first and supporting a prosperous community*.

Treating wastewater contributes to *caring for our place - manaaki whenua, manaaki tangata, haere whakamua*. Treating potentially hazardous wastewater makes it safe for both people and the natural environment. It reduces significant environmental health issues from sewage.

The collection and treatment of wastewater in a safe and efficient manner also contributes to *putting people first - aroha ki te tangata*. It protects the health of our people, supporting a liveable environment for our community.

Wastewater treatment is also critical to *supporting a prosperous community - awhi mai, awhi atu, tātou katoa* through the provision of core infrastructure for industry and to accommodate growth in population and development.

## EFFECTS ON COMMUNITY WELL-BEING

Wastewater treatment can have a range of effects on the community. Many of the positive effects are outlined in the section "why we do it". Potential negative effects are identified in the following table.

Effect	How NPDC intends to mitigate the effect
Managing wastewater comes with the risk of system overflows into rivers and streams, which can affect the environmental and social well-being of the community.	We minimise the likelihood of such overflows through regular inspections of equipment, maintenance programmes, renewal and lining of old and/or leaky pipes. We also use sound design, construction and operations practices.

## SIGNIFICANT CHALLENGES DURING THE YEAR

NPDC undertook inspections of all manholes on trunk mains and recoated the western trunk sewer as an investment in resilience in the network.

Sewer pump stations lids were upgraded to meet higher health and safety standards.

NPDC continues to work toward reducing the potential for, and number of, sewage overflows as an integral part of its wastewater capital expenditure programme. Unfortunately a number of spills occurred through the year, including a significant sewer overflow from the Mangati Pump Station overnight on 21 and 22 January 2019. Taranaki Regional Council has issued an abatement notice.

# Wastewater Treatment

## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide an effective wastewater treatment and disposal system.				
The number of dry weather sewerage overflows per 1,000 connections to the wastewater system.	1 or less	●	0.77	0.93 <sup>1</sup>
We comply with all resource consents for wastewater discharge from our system.				
The number of abatement notices, infringement notices, enforcement orders, and convictions received.	0	●	4 <sup>2</sup>	0 <sup>3</sup>
We respond to customer and maintenance requests in a timely manner.				
The median response time to sewerage overflow callouts (from the time the Council receives notification to the time that service personnel reach the site).	1 hour or less	●	0.65 <sup>4</sup>	0.53
The median resolution time for sewerage overflow callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).	4 hours or less for sewers < 250 dia	●	2.26 <sup>4</sup>	1.89
	8 hours or less for sewers ≥ 250 dia	●	No call-outs <sup>4</sup>	No call-outs
Customers are satisfied with the wastewater treatment and disposal service.				
The total number of complaints received about sewerage odour; system faults or blockages, or the Council's response to issues with the sewerage system (per 1,000 connected properties).	13 or less	●	7.99	6.90 <sup>5</sup>

<sup>1</sup> Due to an error, the 2017/18 result was incorrectly reported as 0.16. The calculation was based on the number of overflows notified to the Regional Council only, which is not line with the mandatory definition.

<sup>2</sup> Abatement notice for objectionable odour from the application of the Council's bioboost fertiliser to the Council leased grazing area within Hickford Park. Constraints with the distributor's storage resulted in excess bioboost fertiliser at the wastewater treatment plant requiring disposal. Council established an agreement to spread the excess on the leased grazing area within Hickford Park. However, poor application from lessee resulted to odours to the nearby residential area.

Abatement notice for objectionable odour from the Area Q sewer pump station. The pump station biofilter, that was not operating effectively to remove odours, was subsequently remediated to work effectively.

Abatement notice for discharge of sewage into the Mangati Stream from the Mangati Pump Station initially arising from an electrical fault and subsequently continuing for over nine hours through the night following human error. Procedures are being reviewed and updated to remove (or at least minimise) the potential for a repeat of the human error.

Abatement notice for sewage from the soakage trench migrating to the surface and flowing overland at the Urenui Campground from an increase of influent into the septic tank from previous summers. With two of four effluent lines in service at any one time the change over time was decreased from 6 to 3 monthly and compliance was confirmed on 26 February 2019.

<sup>3</sup> 2017/18 result shown is a combination of the four separate performance measures (target zero).

<sup>4</sup> The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have been verified by NPDC.

<sup>5</sup> 2017/18 result shown is a combination of the four separate performance measures (combined target 13).

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		14.16	14.21	13.82
Subsidies and grants for operating purposes		-	-	-
Fees and charges		2.59	2.06	2.00
Internal charges and overheads recovered		-	-	0.02
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>16.75</b>	<b>16.27</b>	<b>15.85</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(5.29)	(5.27)	(4.34)
Finance costs		(2.77)	(2.77)	(3.84)
Internal charges and overheads applied		(3.04)	(3.23)	(2.65)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(11.10)</b>	<b>(11.27)</b>	<b>(10.83)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>5.65</b>	<b>5.00</b>	<b>5.02</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.80	0.67	-
Increase/(decrease) in debt		0.66	0.45	0.12
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>1.46</b>	<b>1.12</b>	<b>0.12</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand		(0.87)	(1.47)	(1.87)
- to improve the level of service		(1.14)	(1.80)	(0.74)
- to replace existing assets	1	(6.28)	(3.40)	(7.56)
(Increase)/decrease in reserves	1	1.18	0.55	5.02
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(7.11)</b>	<b>(6.12)</b>	<b>(5.14)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(5.65)</b>	<b>(5.00)</b>	<b>(5.02)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

## Variance explanation Actual 2018/19 to LTP 2018/19

1. The renewals capital expenditure and reserve funding are higher than budget due to the Wastewater Treatment Plant maintenance works deferred from 2017/18.

# Water Supply

NPDC's water supply service treats and distributes water that we source from groundwater bores and rivers in the district. We develop, operate and maintain water treatment plants to meet water quality standards. We also manage pump stations, pipe networks and storage facilities such as reservoirs to ensure our community has a reliable and sustainable supply of fresh water.

There are four separate water supplies in the district: New Plymouth (includes Ōmata, Bell Block, Waitara and Urenui), Inglewood, Ōākura and Ōkato. Combined, these facilities supply approximately 28 million litres of water per day to just over 28,000 households and businesses in defined urban and rural areas.

We ensure our water supply complies with the New Zealand Drinking Water Standards and that it is used sustainably, particularly when demand is high. We also make sure there is water available for firefighting in urban areas.

## WHY WE DO IT

The water supply service supports the Council's strategic vision of *Building a Lifestyle Capital – supporting a prosperous community, putting people first and caring for our place.*

A reliable water supply contributes to *supporting a prosperous community - awahi mai, awahi atu, tātou katoa* as it is critical to many business operations and supports a diverse range of industries in the district. Our continued investment in resilient water supply infrastructure supports industry and development for all of our communities.

Water supply contributes to *putting people first – aroha ki te tangata* by providing connected properties with a safe, reliable and affordable water supply, and ensuring an adequate supply for urban firefighting.

Managing our water resources contributes to *caring for our place - manaaki whenua, manaaki tangata, haere whakamua* through ensuring compliance with resource consents for water takes and managing our water resources more sustainably for future generations.

## EFFECTS ON THE COMMUNITY WELL-BEING

Water supply can have a range of effects on the community. Many of the positive effects are outlined in the section 'why we do it'. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Extracting water from streams and underground aquifers can reduce the amount of water available for future use.	We minimise the amount of water we extract by operating demand management measures such as water restrictions during dry periods, by reducing pressure to minimise leakage and consumption, by promoting efficient water use, and by regular inspection and maintenance of pipework.

## SIGNIFICANT CHALLENGES DURING THE YEAR

We implemented some of the resilience lessons learnt from the Gita water incident with a high priority being given to installing backflow preventers and improvements to our preventative maintenance regimes.

Ōākura bore 200 had to be taken off line due to possible integrity issues. A new bore will be installed in 2019/20.

A water model of the district-wide network has been built and is currently being calibrated.

Challenges with establishing a secure and sustainable water supply for Ōkato were progressed this year with the lodging of the water abstraction consent application with the Taranaki Regional Council.



## HOW WE PERFORMED

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We provide water that is safe to drink.				
Our level of compliance with Part 4 of the Drinking-water Standards (bacteria compliance criteria).	Full compliance	●	Full compliance <sup>1</sup>	Full compliance
Our level of compliance with Part 5 of the Drinking-water Standards (protozoal compliance criteria).	Full compliance	●	Full compliance <sup>1</sup>	Full compliance
We maintain the reticulated water network in good condition.				
The percentage of real water loss from the Council's networked reticulation system. <sup>2</sup>	25% or less	●	15.7%	18.5%
We respond to faults and unplanned interruptions to the water supply network in a timely manner.				
The median response time to urgent callouts (from the time that the Council receives notification to the time that service personnel reach the site).	1 hour or less	●	0.43 <sup>3</sup>	0.37
The median resolution time for urgent callouts (from the time the Council receives notification, to the time that service personnel confirm resolution of the fault or interruption).	4 hours or less for mains < 250 dia	●	1.71 <sup>3</sup>	2.61
	8 hours or less for mains ≥ 250 dia	●	0 <sup>3</sup>	7.99
The median response time to non-urgent callouts (from the time the Council receives notification to the time that service personnel reach the site).	24 hours or less	●	47.20 <sup>4</sup>	23.28 <sup>4</sup>
The median resolution time for non-urgent callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).	48 hours or less	●	76.70 <sup>5</sup>	69.95 <sup>5</sup>
Customers are satisfied with our water supply service.				
The total number of complaints (per 1,000 connections) received about any of the following: <ul style="list-style-type: none"> <li>drinking water clarity, taste, or odour;</li> <li>drinking water pressure or flow;</li> <li>continuity of supply; and</li> <li>the Council's response to any of these issues.</li> </ul>	10 or less	●	7.87	9.55 <sup>6</sup>

- <sup>1</sup> Verbal confirmation received from assessor with the regulator to subsequently provide written report.
- <sup>2</sup> We calculate water loss following the method contained within Water New Zealand's Benching of Water Losses in New Zealand Manual.
- <sup>3</sup> The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have been verified by NPDC.
- <sup>4</sup> Priorities 2, 3 & 4. Priority 2 only: 17.92 (2017/18: 5.05). Result includes non-fault water supply requests and we will look to improve reporting systems in 2019/20.
- <sup>5</sup> Priorities 2, 3 & 4. Priority 2 only 26.32 (2017/18: 26.66). Result includes non-fault water supply requests and we will look to improve reporting systems in 2019/20.
- <sup>6</sup> 2017/18 result shown is a combination of the six separate performance measures (combined target 9).

## Water Supply

Performance Measure	Target 2018/19	Rating	Results/Comments 2018/19	Results/Comments 2017/18
We manage demand to minimise the impact of water supply activities on the environment.				
The average consumption of drinking water per day per resident within New Plymouth District.	315 litres per day	●	292	310
The number of abatement notices, infringement notices enforcement orders, and convictions received.	0	●	2 <sup>7</sup>	None received

- <sup>7</sup> Abatement notice to stop taking water from the Ōākura water supply bore (following discovery of defects during a CCTV inspection of the bore) until an investigation is completed and well integrity is of a standard to ensure that there is no contravention of the Resource Management Act.

Abatement notice issued to undertake investigation of the Ōākura water supply bore.

The investigation found that while the bore was not viable long term there was also no clear evidence that the bore casing was leaking. A project has now been launched to decommission this bore and drill a new one to replace it.

## FUNDING IMPACT STATEMENT for the year ended 30 June 2019

	Notes	Actual 2018/19 (\$m)	LTP 2018/19 (\$m)	LTP 2017/18 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		11.63	11.59	11.02
Subsidies and grants for operating purposes		-	-	-
Fees and charges		0.26	0.23	0.28
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
<b>Total operating funding (A)</b>		<b>11.89</b>	<b>11.81</b>	<b>11.30</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers		(4.37)	(3.91)	(3.25)
Finance costs		(1.67)	(1.67)	(2.10)
Internal charges and overheads applied		(2.81)	(2.74)	(2.02)
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>(8.86)</b>	<b>(8.33)</b>	<b>(7.37)</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>		<b>3.03</b>	<b>3.48</b>	<b>3.93</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure		0.00	-	-
Development and financial contributions		0.74	0.29	-
Increase/(decrease) in debt	1	3.58	6.17	2.59
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>4.33</b>	<b>6.46</b>	<b>2.59</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	1	(1.11)	(4.00)	(3.58)
- to improve the level of service		(2.96)	(3.68)	(0.18)
- to replace existing assets		(2.78)	(3.26)	(1.85)
(Increase)/decrease in reserves		(0.51)	0.99	(0.91)
(Increase)/decrease of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>(7.36)</b>	<b>(9.94)</b>	<b>(6.52)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>		<b>(3.03)</b>	<b>(3.48)</b>	<b>(3.93)</b>
<b>Funding balance (A - B) + (C - D)</b>		<b>-</b>	<b>-</b>	<b>-</b>

## Variance explanation Actual 2018/19 to LTP 2018/19

1. The level of service capital expenditure and debt funding are lower than budget primarily due to the deferral of the Mountain Road and Henwood Road reservoirs to 2019/20.

# Funding from External Sponsors

NPDC would like to gratefully acknowledge and thank the following funders.

Funder	Description	Amount
Friends of Puke Ariki	Summer reading programme (Puke Ariki)	\$1,500
George Mason Charitable Trust	Summer reading students and curatorial intern (Puke Ariki)	\$11,500
LEOTC (Ministry of Education)	Funding for Puke Ariki and Aotea Utanganui museum education programme (Puke Ariki)	\$60,800
Lion Foundation	Festival of Lights - LED movie screens (Venues and Events)	\$8,000
	<i>Illusion</i> exhibition marketing (Puke Ariki)	\$12,000
Ministry for Culture and Heritage	Waitangi Day (Venues and Events)	\$3,000
Ministry of Business Innovation and Employment	Responsible freedom camping - cost of works	\$81,794
New Zealand Community Trust	Festival of Lights - technical costs (Venues and Events)	\$10,000
Southern Trust	Festival of Lights - security services (Venues and Events)	\$10,000
Taranaki Regional Council	Project Reef – Taranaki Naturally Gallery (refresh) and marketing campaign for Taranaki Naturally Gallery (Puke Ariki)	\$125,000
TSB Community Trust	Community Reuse and Recycle Centre fit-out (Solid Waste and Minimisation)	\$150,000
	TSB Showplace/TSB Bowl of Brooklands - He Kura E Huna Ana; Mrs Krishnan's Party; Airplay; Seven Deadly Stunts; Endeavour Live - Angus & Julia Stone concert; Atamira Dance Company/PANGO; Capital E - Mr McGee and the Biting Flea; Taki Rua - Cellfish; Michelle A'Court - Jeremy Elwood; NZDC Kiss the Sky; Chamber Music NZ; Little Green Men Matariki Glow Show; The Road that Wasn't There - Tourmakers (Venues and Events)	\$115,100
	Festival of Lights - on stage programme and provision of regional buses (Venues and Events)	\$110,000
	Temporary exhibition programme - <i>Whare Kahurangi</i> (Puke Ariki)	\$49,000
	School transport project (Puke Ariki and GBAG/Len Lye Centre)	\$12,290
	Waitangi Day (Venues and Events)	\$5,500
	Language Revitalisation Lecture (Puke Ariki)	\$1,713

# Financial Statements

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# Financial Statements

## NEW PLYMOUTH DISTRICT COUNCIL

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2019

	NOTES	COUNCIL			GROUP	
		2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>OPERATING REVENUE</b>						
Rates	2(b)	90,333	89,896	84,651	90,245	84,584
Subsidies and grants	2(c)	12,616	12,078	12,107	14,848	13,363
Development and financial contributions	2	1,947	2,115	1,091	1,947	1,091
Other revenue	2(d)	36,893	31,277	42,608	41,420	46,209
Interest revenue	2(e)	2,297	2,265	2,238	1,888	2,062
Investment revenue	2(f)	18,858	14,605	23,395	19,375	23,887
<b>Total operating revenue</b>		<b>162,944</b>	<b>152,236</b>	<b>166,090</b>	<b>169,723</b>	<b>171,196</b>
<b>OPERATING EXPENDITURE</b>						
Personnel costs	3	39,456	42,404	37,943	42,169	40,225
Other expenses	4	87,840	59,592	65,615	90,176	66,795
Depreciation and amortisation expenses	5(d)	33,003	34,222	33,421	34,488	34,769
Interest expense	13	5,872	7,664	5,406	5,895	5,406
<b>Total operating expenditure</b>		<b>166,171</b>	<b>143,882</b>	<b>142,385</b>	<b>172,728</b>	<b>147,195</b>
<b>(Deficit)/surplus before taxation</b>		<b>(3,227)</b>	<b>8,354</b>	<b>23,705</b>	<b>(3,005)</b>	<b>24,001</b>
Income tax expense	16	-	-	-	(344)	(308)
<b>(DEFICIT)/SURPLUS AFTER TAXATION</b>		<b>(3,227)</b>	<b>8,354</b>	<b>23,705</b>	<b>(3,349)</b>	<b>23,693</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>						
Gain on property, plant and equipment and equipment revaluations	17	696,921	145,140	6,873	696,921	6,873
<b>Total other comprehensive revenue and expense</b>		<b>696,921</b>	<b>145,140</b>	<b>6,873</b>	<b>696,921</b>	<b>6,873</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>693,694</b>	<b>153,494</b>	<b>30,578</b>	<b>693,572</b>	<b>30,566</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.

**NEW PLYMOUTH DISTRICT COUNCIL**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**for the year ended 30 June 2019**

	NOTES	COUNCIL			GROUP	
		2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>Equity at the beginning of the year</b>		<b>2,405,431</b>	<b>2,380,466</b>	<b>2,374,853</b>	<b>2,405,762</b>	<b>2,375,196</b>
Total comprehensive revenue and expense		693,694	153,494	30,578	693,572	30,566
<b>EQUITY AT THE END OF THE YEAR</b>	<b>17</b>	<b>3,099,125</b>	<b>2,533,960</b>	<b>2,405,431</b>	<b>3,099,334</b>	<b>2,405,762</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.

# Financial Statements

## NEW PLYMOUTH DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION as at 30 June 2019

	NOTES	COUNCIL			GROUP	
		2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	5	2,868,904	2,340,530	2,161,780	2,914,640	2,196,918
Intangible assets	6	3,097	5,430	4,141	3,152	4,260
Forestry assets	7	5,063	3,450	4,831	5,063	4,831
Investment in CCOs and other similar entities	9	43,317	10,000	33,936	704	704
Other financial assets	9	56,314	26,050	51,159	56,313	51,158
Deferred tax asset	16	-	-	-	68	28
Derivative financial instruments	18(c)	761	640	619	761	619
<b>Total non-current assets</b>		<b>2,977,456</b>	<b>2,386,100</b>	<b>2,256,466</b>	<b>2,980,701</b>	<b>2,258,518</b>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	10	10,793	2,450	6,497	13,872	9,675
Debtors and other receivables	11	16,061	15,050	15,072	17,135	15,624
Non-current assets held for sale	8	88	1,330	967	88	967
Investment in CCOs and other similar entities	9	3,650	-	3,800	-	-
Other financial assets	9	279,071	311,260	276,190	279,071	276,190
Intangible assets	6	625	620	903	625	903
Inventory		150	140	150	150	150
<b>Total current assets</b>		<b>310,438</b>	<b>330,850</b>	<b>303,579</b>	<b>310,941</b>	<b>303,509</b>
<b>TOTAL ASSETS</b>		<b>3,287,894</b>	<b>2,716,950</b>	<b>2,560,045</b>	<b>3,291,642</b>	<b>2,562,027</b>
<b>NON-CURRENT LIABILITIES</b>						
Borrowings	13	104,000	145,370	64,000	104,000	64,000
Derivative financial instruments	18(c)	15,179	5,910	7,231	15,179	7,231
Provisions	14	1,735	1,670	1,665	1,735	1,665
Employee entitlements	15	518	630	549	518	549
<b>Total non-current liabilities</b>		<b>121,432</b>	<b>153,580</b>	<b>73,445</b>	<b>121,432</b>	<b>73,445</b>
<b>CURRENT LIABILITIES</b>						
Creditors and other payables	12	23,436	15,880	22,372	26,808	23,601
Borrowings	13	39,000	9,060	54,000	39,000	54,000
Provisions	14	1,017	790	994	1,017	994
Employee entitlements	15	3,589	3,480	3,385	3,713	3,505
Derivative financial instruments	18(c)	295	200	418	295	418
Provision for tax	16	-	-	-	43	302
<b>Total current liabilities</b>		<b>67,337</b>	<b>29,410</b>	<b>81,169</b>	<b>70,876</b>	<b>82,820</b>
<b>TOTAL LIABILITIES</b>		<b>188,769</b>	<b>182,990</b>	<b>154,614</b>	<b>192,308</b>	<b>156,265</b>
<b>NET ASSETS</b>		<b>3,099,125</b>	<b>2,533,960</b>	<b>2,405,431</b>	<b>3,099,334</b>	<b>2,405,762</b>
<b>EQUITY</b>						
Accumulated funds	17	1,566,086	1,549,200	1,563,016	1,555,890	1,552,744
Other reserves	17	1,533,039	984,760	842,415	1,543,444	853,018
<b>TOTAL EQUITY</b>		<b>3,099,125</b>	<b>2,533,960</b>	<b>2,405,431</b>	<b>3,099,334</b>	<b>2,405,762</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.



**NEW PLYMOUTH DISTRICT COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2019**

	NOTES	COUNCIL			GROUP	
		2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from rates revenue		89,843	89,900	84,976	89,755	84,909
Interest received		2,401	2,270	2,159	1,992	1,983
Dividends received		-	-	2	-	2
Other revenue received		47,580	33,842	45,454	54,180	50,017
Payments to suppliers and employees		(107,403)	(102,570)	(93,147)	(110,282)	(95,870)
Payment to Taranaki Regional Council (River Fund)		(2,540)	-	-	(2,540)	-
Goods and services tax (net) paid		(10)	-	(195)	(397)	(241)
Income tax paid		-	-	(149)	(603)	(183)
Interest paid		(5,669)	(7,660)	(5,247)	(5,692)	(5,247)
<b>Net cash flows from operating activities</b>		<b>24,202</b>	<b>15,782</b>	<b>33,853</b>	<b>26,413</b>	<b>35,370</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipts from sale of property, plant and equipment		635	1,470	105	635	105
Purchase of New Plymouth Airport Joint Venture		-	-	(3,250)	-	(3,250)
PIF release to Council		8,601	8,458	8,172	8,601	8,172
Borrowings advanced to Papa Rererangi i Puketapu Ltd		(9,850)	-	(3,800)	-	-
Receipts from sale of other financial assets		39,203	9,830	36,045	39,203	35,656
Purchase of property, plant and equipment		(43,988)	(61,260)	(44,209)	(56,148)	(49,347)
Purchase of intangible assets		(660)	-	(984)	(660)	(1,068)
Purchase of other financial assets		(38,847)	(15,000)	(39,150)	(38,847)	(39,150)
<b>Net cash flows from investing activities</b>		<b>(44,906)</b>	<b>(56,502)</b>	<b>(47,071)</b>	<b>(47,216)</b>	<b>(48,882)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings		40,000	50,700	29,000	40,000	29,000
Repayment of borrowings		(15,000)	(16,920)	(21,000)	(15,000)	(21,000)
<b>Net cash flows from financing activities</b>		<b>25,000</b>	<b>33,780</b>	<b>8,000</b>	<b>25,000</b>	<b>8,000</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,296</b>	<b>(6,940)</b>	<b>(5,218)</b>	<b>4,197</b>	<b>(5,512)</b>
Cash and cash equivalents at 1 July		6,497	9,390	11,715	9,675	15,187
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>10</b>	<b>10,793</b>	<b>2,450</b>	<b>6,497</b>	<b>13,872</b>	<b>9,675</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.

## Financial Statements

### NEW PLYMOUTH DISTRICT COUNCIL STATEMENT OF CASH FLOWS (CONTINUED) for the year ended 30 June 2019

#### Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Surplus after taxation	(3,227)	23,705	(3,349)	23,693
Non-cash items:				
Depreciation and amortisation expense	33,003	33,421	34,488	34,769
Gain on disposal of business operations	-	(4,391)	-	(4,391)
Vested assets revenue	(3,835)	(4,874)	(3,835)	(4,874)
Property, plant and equipment impairment	187	466	187	460
Loss on disposal of assets	6,144	1,291	6,143	1,291
Net loss on derivative financial instruments	7,683	1,555	7,683	1,555
Net gain on forestry assets	(232)	(1,607)	(232)	(1,607)
Net gain on sales included in investing activities	(15,862)	(22,119)	(16,379)	(22,611)
	<b>27,088</b>	<b>3,742</b>	<b>28,055</b>	<b>4,592</b>
Add/(less) Movements in other working capital items:				
Change in debtors and other receivables	(989)	(693)	(1,511)	(1,005)
Change in creditors and other payables	1,064	6,971	3,207	7,675
Change in inventory	-	(9)	-	(9)
Change in provisions	93	273	93	273
Change in tax payable	-	(149)	(259)	125
Change in employee entitlements	173	13	177	26
	<b>341</b>	<b>6,406</b>	<b>1,707</b>	<b>7,085</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>24,202</b>	<b>33,853</b>	<b>26,413</b>	<b>35,370</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the financial position and performance of the New Plymouth District Council. Information is considered relevant and material if:

- The amount is significant due to its size or nature.
- The amount is important to understanding the financial statements.
- It helps to explain the impact of significant changes in how the Council operates.
- It relates to an aspect of the Council's operations that is important to the community.

## BASIS OF PREPARATION

This section sets out the significant accounting policies that relate to these financial statements as a whole. Significant accounting policies have also been included in the related note disclosures.

### Reporting Entity

New Plymouth District Council is a territorial authority, domiciled in New Zealand. It is governed by the following legislation:

- Local Government Act 2002 (LGA)
- The Local Government (Rating) Act 2002 (LG(R)A)

The financial statements presented are those of the New Plymouth District Council (the Council) together with its Council Controlled Organisations (CCOs) and joint ventures (the Group). The group consists of:

- Papa Rererangi i Puketapu Limited – 100% owned (Council-controlled trading organisation).
- New Plymouth PIF Guardians Limited – 100% owned.
- Venture Taranaki Trust – 100% owned.
- Tasmanian Land Company Limited – 100% owned.
- McKay Family Joint Venture – 58.82% owned.
- Duthie Joint Venture – 54.82% owned.
- Tarata Ngatimaru Pukehou Joint Venture – 60% owned (wound up 31 October 2018).

The Council's primary objective is to provide goods or services and benefit for the community rather than making a financial return. Accordingly, the Council designates itself and the Group as public benefit entities (PBEs) and applies Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

The financial statements are for the year ended 30 June 2019. The Council authorised them for issue on 10 October 2019.

### Statement of compliance

The financial statements have been prepared:

- In line with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA, the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R) and comply with PBE Accounting Standards.
- On a historical cost basis, except for financial instruments which have been measured at fair value (note 18) and certain classes of property, plant and equipment (note 5) which have been subsequently measured at fair value.
- On the going concern basis and the accounting policies have been applied consistently throughout the period.
- In New Zealand dollars (functional and reporting currency), rounded to the nearest thousand (\$000), unless stated otherwise.

There have been no changes in accounting policies for the 2018/19 financial reporting year. Refer note 21 for accounting standards issued and note yet effective and not early adopted.

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

# Notes to the Financial Statements

## **Basis of consolidation**

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. Significant transactions and balances between the Council and its CCOs are eliminated in preparing the group financial statements.

The Council's investment in the following subsidiaries are carried at cost in the parent entity financial statements: Papa Rererangi i Puketapu Limited, New Plymouth PIF Guardians limited and Venture Taranaki Trust.

The Council's investment in Tasmanian Land Company Limited has been classified as a financial asset at fair value though surplus or deficit.

## **Impairment of assets**

At each balance date the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists (including indefinite life intangibles) the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, estimates are made of the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value-in-use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount with the expense being recognised in the surplus or deficit.

For non-revalued assets impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previously accumulated revaluation increments for that asset class.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

## ***Value in use for non-cash-generating assets***

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

## ***Value in use cash-generating assets***

Cash generating assets are those assets held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

## **Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except billed receivables and payables which include GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## Cost allocation

The costs of providing support services for the Council are accumulated and are allocated to each Council activity using appropriate allocation bases which reflect the usage and/or capacity for each.

Direct costs are those costs directly attributable to a significant activity. Direct costs are charged directly to significant activities.

Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

## Budget figures

The budget figures are those approved by the Council in its 2018-2028 Long-Term Plan (LTP) and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

## Foreign currency transactions

Foreign currency transactions are translated into NZD (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## Critical accounting estimates and assumptions

Financial statement preparation requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates are continually evaluated and are based on historical experience and other factors, including expectations or future events that are considered reasonable under the circumstances.

The significant estimates and assumptions that have the greatest risk of causing a material adjustment to the reported amounts are:

- Estimating the fair value of infrastructural assets – refer note 5.
- Estimating the fair value of land and buildings – refer note 5.
- Estimating the value of forestry assets – refer note 7.
- Estimating the landfill aftercare provision – refer note 14.

# Notes to the Financial Statements

## 1. MAJOR BUDGET VARIATIONS

Explanations for major budget variances from the Council budget figures in the Long-Term Plan 2018-2028 are as follows.

### Statement of comprehensive revenue and expense

	2018/19 Actual \$'000	2018/19 Budget \$'000	Variance \$'000	Comments
Other revenue	36,893	31,277	5,616	+ \$2,029k Yarrow Stadium works recoverable (offset by other expenses below). + \$1,431k Forestry harvesting revenue (partially offset by other expenses below). + \$821k Resource consent revenue (offset by other expenses below). + \$438k higher trade waste sales due to greater volumes than predicted.
Investment income	18,858	14,605	4,253	Performance of the PIF significantly better than anticipated due to favourable market conditions.
Other expenses	87,840	59,592	(28,248)	- \$7,948k unrealised loss on interest rate swaps due to volatile market conditions. - \$5,569k transfer of Waitara Land lease revenue from restricted reserves. Not an operating expense so not budgeted. - \$5,416k write-off of Central Landfill costs. - \$2,173k Yarrow Stadium works recoverable (offsetting other revenue above). - \$1,320k additional spend on resource consents - professional fees (offsetting other revenue above).
Interest costs	5,872	7,664	1,792	Variance to budget assumptions – both interest rates and borrowing requirements were lower than budgeted.

### Statement of financial position

	2018/19 Actual \$'000	2018/19 Budget \$'000	Variance \$'000	Comments
Property, plant and equipment	2,868,904	2,340,530	528,374	Gain on revaluation was \$552k more than budgeted. Capital expenditure for the year was behind budget. Refer to note 5(g) for commentary on significant capital projects.
Intangible assets (total)	3,722	6,050	(2,328)	Less projects completed during the year than anticipated.
Forestry assets	5,063	3,450	1,613	Gain on revaluation was more than anticipated due to favourable log prices.
Cash and cash equivalents	10,793	2,450	8,343	Higher cash on deposit as holding funds for the Waitara Perpetual Land Fund and funding for PRIP terminal redevelopment.
Derivative financial instruments (total)	14,713	5,470	(9,243)	Unrealised loss on interest rate swaps greater than anticipated due to unpredictable nature of the markets.

## 2. OPERATING REVENUE

### Accounting policy

#### *Exchange and non-exchange revenue*

Most of the Council's revenue is from non-exchange transactions accounted for under PBE IPSAS 23 (i.e. rates, subsidies and grants, provision of services partial cost recovery/subsidised, vested assets and financial/development contributions). Exchange transactions are recognised under PBE IPSAS 9 (i.e. targeted rates for water supply, provision of services full cost recovery, sale of goods, interest and dividends).

Professional judgement is exercised to determine whether the substance of a transaction is non-exchange or exchange. Revenue is measured at fair value which is usually the cash value of a transaction. For non-exchange revenue there is a recognition of a liability to the extent of unfulfilled conditions.

#### *Accounting*

- General rates and uniform annual general charges (UAC) are recognised at the start of the financial year to which the Council rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue from late payment penalties is recognised when rates become overdue.
- Revenue from water by meter rates is recognised on an accrual basis. Revenue is based on the actual usage as a result of meter reading. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Taranaki Regional Council (TRC) are not recognised in the financial statements as the Council is acting as an agent for TRC.

#### *New Zealand Transport Agency (NZTA) roading subsidies*

The Council receives funding assistance from the NZTA, which subsidises part of the maintenance costs and capital expenditure on the local roading infrastructure. The NZTA roading claim payments (reimbursements) are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

#### *Other grants*

Other grants are recognised as revenue when they become receivable. When there is an obligation in substance to return the funds if conditions of the grant are not met, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### *User fees and charges*

User fees and charges are recognised on the basis of actual services provided. Any fees and charges received in advance are recognised as unearned income in revenue in advance (refer note 12).

#### *Fines and levies*

Fines and levies mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued.

#### *Vested or donated physical assets*

For assets received for no or nominal consideration, the asset is recognised when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

## Notes to the Financial Statements

For long lived assets that must be used for a specific purpose (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue.

### *Sales of goods*

Revenue from the sales of goods are recognised when the product is delivered to the customer and title has passed.

### *Landfill fees*

Fees for disposing waste at the Council's landfill are recognised as waste is disposed by users.

### *Financial/Development contributions*

Financial/development contributions are recognised as revenue when received. If the service for which the contribution is charged is not undertaken in the same year it's received, the contribution is allocated to the appropriate reserve until such time that the Council provides, or is able to provide, the service.

### *Interest revenue*

Interest revenue is recognised using the effective interest method.

### *Dividends*

Dividends are recognised when the right to receive payment has been established.

### a) Revenue classified as exchange or non-exchange transactions

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
Interest revenue	2,297	2,238	1,888	2,062
Investment revenue	18,858	23,395	19,375	23,887
Water - targeted metered rates	3,950	3,939	3,950	3,939
Other revenue	31,791	31,869	36,318	35,470
Gain on bargain purchase	-	4,391	-	4,391
<b>Total revenue from exchange transactions</b>	<b>56,896</b>	<b>65,832</b>	<b>61,531</b>	<b>69,749</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
Rates, excluding water - targeted metered rates	86,383	80,712	86,295	80,645
Subsidies and grants	12,616	12,107	14,848	13,363
Development and financial contributions	1,947	1,091	1,947	1,091
Fines and levies	1,267	1,474	1,267	1,474
Vested assets	3,835	4,874	3,835	4,874
<b>Total revenue from non-exchange transactions</b>	<b>106,048</b>	<b>100,258</b>	<b>108,192</b>	<b>101,447</b>
<b>TOTAL OPERATING REVENUE</b>	<b>162,944</b>	<b>166,090</b>	<b>169,723</b>	<b>171,196</b>



## Notes to the Financial Statements

### b) Breakdown of rates revenue

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
General rates	57,288	53,503	57,216	53,436
Sewerage - UAC	14,162	13,350	14,162	13,350
Water - UAC	7,282	7,044	7,266	7,044
Water - targeted metered rates	3,950	3,939	3,950	3,939
Refuse collection - UAC	3,689	3,139	3,689	3,139
Roading - UAC	3,962	3,676	3,962	3,676
<b>TOTAL RATES REVENUE</b>	<b>90,333</b>	<b>84,651</b>	<b>90,245</b>	<b>84,584</b>

In 2018/19, the Council allowed rate remissions of \$648,000 excluding GST (2017/18: \$648,000).

The Council's rating base information relating to the preceding financial year follows:

	As at 30 June 2018
Number of rating units	37,129
Total capital value of rating units (\$m)	20,129
Total land value of rating units (\$m)	10,526

### c) Breakdown of subsidies and grants

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Operating subsidies and grants - NZTA	3,866	3,915	3,866	3,915
Operating subsidies and grants - Other	2,051	1,559	4,283	2,815
Capital NZTA – roads	5,749	6,199	5,749	6,199
Capital - other	950	434	950	434
<b>Total rates revenue</b>	<b>12,616</b>	<b>12,107</b>	<b>14,848</b>	<b>13,363</b>

### d) Breakdown of other revenue

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
User fees and charges	14,237	12,706	18,296	15,912
Regulatory revenue	5,390	4,997	5,390	4,997
Fines, levies and rebates	1,267	1,474	1,267	1,474
Property rent and charges	4,484	4,982	5,023	5,465
Vested assets	3,835	4,874	3,835	4,874
Council venue hire	812	1,022	814	1,024
Other revenue	6,868	8,162	6,795	8,072
Gain on bargain purchase	-	4,391	-	4,391
<b>TOTAL OTHER REVENUE</b>	<b>36,893</b>	<b>42,608</b>	<b>41,420</b>	<b>46,209</b>

## Notes to the Financial Statements

### Operating leases as a lessor

The Council and Group leases out land, buildings and office space. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Within one year	2,230	2,189	2,531	2,542
Later than one year and not later than five years	7,126	6,946	7,946	7,565
Later than five years	16,916	16,515	19,322	17,144
<b>TOTAL MINIMUM LEASE REVENUE</b>	<b>26,272</b>	<b>25,650</b>	<b>29,799</b>	<b>27,251</b>
Average lease term (years)	9	9	9	9
Number of leases	923	937	958	962

No contingent rents have been recognised during the year.

### e) Breakdown of interest revenue

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Term deposits	1,811	1,978	1,888	2,062
Loan – Papa Rererangi i Puketapu	486	260	-	-
<b>TOTAL INTEREST REVENUE</b>	<b>2,297</b>	<b>2,238</b>	<b>1,888</b>	<b>2,062</b>

### f) Breakdown of investment revenue

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Net gains/(losses) on investments	18,858	23,393	19,375	23,885
Dividends	-	2	-	2
<b>TOTAL INVESTMENT REVENUE</b>	<b>18,858</b>	<b>23,395</b>	<b>19,375</b>	<b>23,887</b>

## 3. PERSONNEL COSTS

### a) Personnel costs

#### Accounting policy

*Defined contribution schemes* - Employer contributions to KiwiSaver, the Government Superannuation Fund and the State Sector Retirement Savings Scheme which are defined contribution superannuation schemes, are expensed as incurred.

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Salaries and wages and related entitlements	38,440	37,023	41,137	39,292
Defined contribution plan employer contributions	1,016	920	1,032	933
<b>TOTAL PERSONNEL COSTS</b>	<b>39,456</b>	<b>37,943</b>	<b>42,169</b>	<b>40,225</b>

**b) Chief executive**

	2018/19 Actual \$	2017/18 Actual \$
The incumbent Chief Executive received the following remuneration:		
Gross salary	354,671	339,036
Other benefits	-	3,733
<b>TOTAL CHIEF EXECUTIVE COMPENSATION</b>	<b>354,671</b>	<b>342,769</b>

The incumbent Chief Executive commenced working for the Council on 1 November 2017. Remuneration disclosed in 2017/18 includes amounts paid to the Acting Chief Executive from 8 April 2017 to 30 October 2017.

**c) Key management personnel**

	2018/19 Actual \$	2017/18 Actual \$
<b>Councillors including the mayor:</b>		
Remuneration (\$'000)	802	764
Full-time equivalent members (as at 30 June)	15	15
<b>Senior management team including the Chief Executive:</b>		
Remuneration (\$'000)	1,593	1,305
Full-time equivalent members (as at 30 June)	7	6
<b>Total key management personnel compensation (\$'000)</b>	<b>2,395</b>	<b>2,069</b>
Total full-time equivalent personnel (as at 30 June)	22	21

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

**d) Elected representatives**

	2018/19 Actual \$	2017/18 Actual \$
Neil Holdom (Mayor)	142,271	134,991
Shaun Biesiek	44,280	42,834
Gordon Brown	55,349	52,638
Murray Chong	44,280	42,834
Harry Duynhoven	44,280	42,834
Richard Handley	44,280	42,834
Stacey Hitchcock	44,280	42,834
Colin Johnston	44,280	42,834
Richard Jordan	61,991	59,967
John McLeod	44,280	42,834
Alan Melody	44,280	42,834
Mike Merrick	44,280	42,834
Marie Pearce	44,280	42,834
Roy Weaver	55,349	53,542
John Williams	44,280	34,109
<b>TOTAL ELECTED REPRESENTATIVE'S REMUNERATION</b>	<b>802,040</b>	<b>763,587</b>
Full-time equivalents	15	15

## Notes to the Financial Statements

Elected member professional development expenditure incurred during the year (exclusive of GST) was:

	2018/19 \$	2017/18 \$
Neil Holdom (Mayor)	3,141	2,095
Shaun Biesiek	425	-
Gordon Brown	2,825	2,027
Murray Chong	2,507	-
Harry Duynhoven	425	-
Richard Handley	3,860	2,066
Stacey Hitchcock	379	2,253
Richard Jordan	3,933	2,066
Marie Pearce	425	-
Roy Weaver	-	2,352

In addition, during 2018/19 all Councillors attended a Local Government New Zealand workshop at a total cost of \$319.

### e) Staff employed full-time equivalent

At balance date the Council employed 403 full time employees (2017/18: 383) with the balance of staff representing 155 full-time equivalent employees (2017/18:148). A full-time employee is determined on the basis of a 40-hour working week.

### f) Individuals receiving total remuneration

	2018/19	2017/18
< \$60,000	354	357
\$60k - \$79,999	166	148
\$80k - \$99,999	98	83
\$100k - \$119,999	39	29
\$120k - \$139,999	10	10
\$140k - \$179,999	7	8
\$180k - \$379,999	7	6
<b>TOTAL HEAD COUNT</b>	<b>681</b>	<b>641</b>

Total remuneration includes any non-financial benefits provided to employees.

### g) Severance payments

For the year ended 30 June 2019, the Council made two (2017/18: three) severance payments to employees totalling \$10,050 (2017/18: \$29,000). The value of each of the severance payments was \$6,550 and \$3,500 (2017/18: \$3,000, \$8,000 and \$18,000).

## 4. OTHER EXPENSES

### Accounting policy

#### Grant expenditure

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has provided an invoice.

#### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

#### Interest rate swaps

Interest rate swaps are measured at fair value with gains or losses on remeasurement recognised in the surplus or deficit in the year of remeasurement (refer note 18(c)).

### a) Breakdown of other expenses

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Audit fees – Annual financial statements	199	222	270	299
Audit fees - Long-Term Plan 2018-2028	31	131	31	131
Audit fees - Debenture Trust Deed	5	4	5	4
<b>TOTAL PAYMENTS TO AUDIT NEW ZEALAND</b>	<b>235</b>	<b>357</b>	<b>306</b>	<b>434</b>
General operating expenses	18,662	16,830	20,673	18,878
Direct cost of activities and materials	38,123	37,593	36,689	35,396
Consultants and legal fees	9,797	7,394	10,960	8,030
Insurance premiums	1,350	1,150	1,424	1,195
Waitara Lands Act transfer	5,569	-	5,569	-
Impairment of receivables	47	209	47	209
Operating lease costs	275	377	306	509
Directors fees	-	-	421	445
Net loss on sale of assets	728	1,291	727	1,291
Write-off of Central Landfill costs	5,416	-	5,416	-
Property, plant and equipment impairment	187	466	187	460
Net loss on derivate financial instruments	7,683	1,555	7,683	1,555
Net gain on forestry assets	(232)	(1,607)	(232)	(1,607)
<b>TOTAL OTHER EXPENSES</b>	<b>87,840</b>	<b>65,615</b>	<b>90,176</b>	<b>66,795</b>

## Notes to the Financial Statements

### b) Operating leases as lessee

The Council and the Group lease buildings, and plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 32 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE				
Within one year	17	7	44	135
Later than one year and not later than five years	41	-	44	27
Later than five years	-	-	-	-
<b>TOTAL MINIMUM LEASE PAYMENTS</b>	<b>58</b>	<b>7</b>	<b>88</b>	<b>162</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

### Accounting policy

#### Asset categories

**Operational assets:** These are land, buildings (including any improvements), vehicles, furniture, fittings and equipment and library books. Land and buildings and the Puki Ariki book collection are measured at fair value. Vehicles and furniture, fittings and equipment are measured at cost less accumulated depreciation and impairment losses.

**Restricted assets:** These are land and buildings that are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977) or other restrictions (such as bequest land or buildings or donation that restricts the purpose for which the assets can be used). These assets are measured at fair value.

**Infrastructural assets:** These are the fixed utility systems owned by the Council. They usually display some or all of the following characteristics: part of a system or network, specialised in nature and usually do not have alternative uses, immovable and they may be subject to constraints on disposal. Examples are road networks, sewer systems and water systems. These assets are measured at fair value.

#### Revaluation

All property, plant and equipment except for operational motor vehicles, furniture, fittings and equipment and work-in-progress are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, at least every three years.

Fair value is determined by reference to the depreciated replacement cost or market value on an asset class basis. The carrying values of revalued assets are assessed annually to ensure they do not differ materially from the assets' fair values.

The carrying value of revalued assets are assessed annually to make sure they do not differ materially from the assets' fair values. If there is a material difference then the off-cycle asset classes are revalued.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expenses and then recognised in other comprehensive revenue and expense.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or a nominal cost (e.g. vested asset), it is recognised at fair value at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of servicing property, plant and equipment are recognised in the surplus or deficit as they are incurred.

### Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land and restricted assets, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use. Depreciation rates and useful lives are reviewed annually. Depreciation on assets is charged to the surplus and deficit. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Years	Depreciation
Infrastructural assets		
Roading	5 - 100	1% - 20%
Laboratory	8 - 30	3.3% - 12.5%
Waste management and minimisation	35 - 100	1% - 2.9%
Stormwater	50 - 140	0.7% - 2%
Flood protection	50 - 200	0.5% - 2%
Water	10 - 120	0.8% - 10%
Wastewater	10 - 140	0.7% - 10%
New Plymouth Airport runway/services	5 - 100	1% - 20%
Work in progress		Not depreciated
Operational assets		
Land		Not depreciated
Buildings/improvements	20 to 100 years	1% - 5%
Vehicles	3 to 20 years	5% - 33.3%
Furniture, fittings and equipment	3 to 10 years	10% - 33.3%
Puke Ariki book collection (general in-use)	2 to 15 years	6.7% - 50%
Work in progress		Not depreciated
Restricted assets		
Parks and reserves		Not depreciated
Waitara Lands Act land		Not depreciated
Puke Ariki museum collection		Not depreciated
Govett-Brewster Art Gallery/Len Lye Centre collection		Not depreciated

# Notes to the Financial Statements

## Critical accounting estimates and assumptions

### Estimating fair value

#### *Infrastructural assets*

All infrastructural assets, excluding New Plymouth Airport runway/services and work in progress, were independently valued at depreciated replacement cost at 30 June 2019. The valuation was performed by independent registered valuer Alun James of WSP Opus.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction. Unit rates can vary based on asset location, topography and ground conditions.
- Contracts in the region for similar assets.
- Roads include derived values for land not held on title (road reserve). The average value of the road reserve is the current average land value calculated for each government roll number. The following factors have been applied:
  - unformed roads 80% of average value
  - formed roads (urban) 70% of average value
  - formed roads (rural) 50% of average value
- Estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns, and traffic growth.

If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Councils' asset management planning activities, which gives Council further assurance over its useful life estimates.

- The physical deterioration and condition of the assets, for example the Council could be carrying an asset at an amount that does not reflect its physical condition. This is particularly so for those assets which are not such as stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a number of physical inspections and condition modelling assessments of assets.

#### *Land (operational) and parks and reserves (restricted assets)*

These assets were independently valued by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young Limited (registered valuers).

Operational land is valued as at 30 June 2019 at fair value with reference to highest and best use.

Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

#### *Waitara Lands Act Land (restricted assets)*

The land subject to the New Plymouth District Council (Waitara Lands) Act 2018 was revalued to fair value at 30 June 2019 by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young Limited. Fair value was determined by using a discounted cash flow over a ten-year investment horizon. A number of assumptions were used for the valuation including a 25% freeholding take-up in the first year, 15% take-up in the second year, reducing quickly after that and having a total of 70% take-up over the ten year period. The take up rates used have been adopted based on other leasehold portfolios in New Plymouth that have offered freeholding. The overall value of the net present value of the cash flow, plus the remaining leasehold portfolio, has been prorated over the total 780 properties. Other key assumptions used are presented in the following table:



## Notes to the Financial Statements

Input	Assumption
Average section value	\$111,000
Legal fees per section	\$1,500
Valuation fees per section	\$650
Discount rate	10%
Inflation rate	0%

### **Buildings (operational)**

These assets were independently valued by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young Limited (registered valuers), at 30 June 2019.

The majority of NPDC buildings were considered to be specialised buildings where no sales market data is available to value such buildings. Fair value was estimated using the depreciated replacement cost method. Depreciated replacement cost is determined using several significant assumptions, including:

- The replacement asset is based on the replacement with modern equivalent assets using modern construction methods, technology, materials, and compliance.
- The replacement cost is derived from recent construction contracts of similar assets, published construction cost data and QV Costbuilder cost information.
- Base lives vary by component and are based on the NAMS Building Component guidelines, IIMM valuation manual or on experience.
- Remaining useful lives are assessed mainly as the difference between the base life and the age of the asset, but may be extended as a result of asset condition inspections.
- Straight-line depreciation has been deducted to reflect physical condition, all relevant forms of obsolescence and optimisation.

Commercial properties have been valued on the basis of actual and /or potential net income earning capacity, capitalised at returns analysed from sales of similar commercial properties in New Plymouth.

### **New Plymouth Airport buildings and runway/services**

Airport plant and equipment was revalued as at 30 June 2016 by Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young. The next revaluation is will be undertaken during the next 12 months once the terminal redevelopment is complete.

### **Puke Ariki book and museum collections (restricted assets)**

The most recent valuation of these assets was performed as at 30 June 2017 and was reviewed by independent registered valuers C H Jenkins BE(Hons), MIPENZ, MInstD of SPM Assets Limited.

### **Govett-Brewster Art Gallery/Len Lye Centre collection**

The most recent valuation of these assets was performed by Ben Plumbly BA, First Class Honors, Director of Art, Art + Object, the 21st Century Auction House. The last revaluation was effective as at 30 June 2017.

This collection is valued at fair value using various methods as follows:

- Reference to observable prices in an active market. Where that market exists for the same or similar asset the market prices are deemed to be fair value. The values ascribed are primarily based on observable prices in both the primary retail market and the secondary auction market.
- If there is no active market, fair value is determined by other market based evidence adjudged by the valuers as active and knowledgeable participants in the market.

## Notes to the Financial Statements

	Cost/ revaluation 1 July 2018 \$'000	Accumulated depreciation & impairment charges \$'000	Carrying amount 1 July 2018 \$'000	Current year additions & transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000
<b>COUNCIL 2018/19</b>						
<b>Infrastructural assets:</b>						
Roading	1,097,963	22,718	1,075,245	11,769	2,246	-
Laboratory	111	34	77	--	-	-
Solid waste	6,837	642	6,195	934	-	-
Stormwater	157,157	4,868	152,289	1,093	520	(265)
Flood protection	13,898	233	13,665	-	-	-
Water	158,420	8,178	150,242	3,364	289	(221)
Wastewater	230,110	10,280	219,830	22,738	349	(42)
Work in progress	38,624	-	38,624	46,716	-	(57,037)
<b>Operational assets:</b>						
Land	71,658	153	71,505	-	-	-
Buildings/improvements	200,344	12,845	187,499	6,074	-	(115)
Vehicles	5,422	1,834	3,588	1,161	-	(837)
Furniture, fittings and equipment	22,767	16,464	6,303	2,321	-	-
Puke Ariki book collection	5,933	411	5,522	694	-	-
<b>Restricted assets:</b>						
Parks and reserves	188,000	-	188,000	-	431	-
Waitara Lands Act land	-	-	-	-	-	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
<b>TOTAL COUNCIL</b>	<b>2,240,440</b>	<b>78,660</b>	<b>2,161,780</b>	<b>96,864</b>	<b>3,835</b>	<b>(58,517)</b>
<b>GROUP 2018/19</b>						
<b>Infrastructural assets:</b>						
Roading	1,097,963	22,718	1,075,245	11,769	2,246	-
Laboratory	111	34	77	-	-	-
Solid waste	6,837	642	6,195	934	-	-
Stormwater	157,157	4,868	152,289	1,093	520	(265)
Flood protection	13,898	233	13,665	-	-	-
Water	158,420	8,178	150,242	3,364	289	(221)
Wastewater	230,110	10,280	219,830	22,738	349	(42)
Work in progress	45,264	-	45,264	57,934	-	(57,037)
New Plymouth Airport runway/services	12,357	526	11,831	156	-	-
<b>Operational assets:</b>						
Land	85,796	153	85,643	-	-	-
Buildings/improvements	203,252	13,610	189,642	6,473	-	(115)
Vehicles	5,672	2,004	3,668	1,195	-	(845)
Furniture, fittings and equipment	23,403	16,795	6,609	2,543	-	-
Puke Ariki book collection	5,933	411	5,522	694	-	-
<b>Restricted assets:</b>						
Parks and reserves	188,000	-	188,000	-	431	-
Waitara Lands Act land	-	-	-	-	-	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
<b>TOTAL COUNCIL</b>	<b>2,277,370</b>	<b>80,452</b>	<b>2,196,918</b>	<b>108,893</b>	<b>3,835</b>	<b>(58,525)</b>

## Notes to the Financial Statements

Current year impairments	Current year depreciation	Accumulated depreciation disposed/ revalued	Transfer non-current assets held for sale	Revaluation surplus/ (deficit)	Cost transfers/ adjustments	Depreciation transfers/ adjustments	Cost revaluation 30 June 2019	Accumulated depreciation & impairment 30 June 2019	Carrying amount 30 June 2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	11,271	(33,989)	-	340,490	-	-	1,452,468	-	1,452,468
-	13	(47)	-	5	-	-	116	-	116
-	271	(913)	-	(475)	-	-	7,296	-	7,296
-	2,497	(7,365)	-	65,974	-	-	224,479	-	224,479
-	116	(349)	-	5,509	-	-	19,407	-	19,407
-	3,820	(11,998)	-	26,455	-	-	188,307	-	188,307
-	5,097	(15,377)	-	101,739	-	-	354,894	-	354,894
-	-	-	-	-	-	-	28,303	-	28,303
-	-	-	-	11,553	(8,929)	-	74,282	153	74,129
-	6,311	(18,675)	-	7,943	-	-	214,246	481	213,765
-	493	(471)	-	-	-	-	5,746	1,856	3,890
-	1,810	-	-	-	-	-	25,088	18,274	6,814
-	411	-	-	-	-	-	6,627	822	5,805
-	-	-	-	23,052	(20,044)	-	191,439	-	191,439
-	-	-	-	25,623	28,973	-	54,596	-	54,596
-	-	-	-	-	-	-	26,812	-	26,812
-	-	-	-	-	-	-	16,384	-	16,384
-	<b>32,110</b>	<b>(89,184)</b>	-	<b>607,868</b>	-	-	<b>2,890,490</b>	<b>21,586</b>	<b>2,868,904</b>
-	11,271	(33,989)	-	340,490	-	-	1,452,468	-	1,452,468
-	13	(47)	-	5	-	-	116	-	116
-	271	(913)	-	(475)	-	-	7,296	-	7,296
-	2,497	(7,365)	-	65,974	-	-	224,479	-	224,479
-	116	(349)	-	5,509	-	-	19,407	-	19,407
-	3,820	(11,998)	-	26,455	-	-	188,307	-	188,307
-	5,097	(15,377)	-	101,739	-	-	354,894	-	354,894
-	-	-	-	-	-	-	46,161	-	46,161
-	543	-	-	-	-	-	12,513	1,069	11,444
-	-	-	-	11,553	(8,929)	-	88,420	153	88,267
-	7,041	(18,674)	-	7,943	-	-	217,553	1,977	215,576
-	521	(471)	-	-	-	-	6,022	2,054	3,968
-	1,930	-	-	-	-	-	25,946	18,725	7,221
-	411	-	-	-	-	-	6,627	822	5,805
-	-	-	-	23,052	(20,044)	-	191,439	-	191,439
-	-	-	-	25,623	28,973	-	54,596	-	54,596
-	-	-	-	-	-	-	26,812	-	26,812
-	-	-	-	-	-	-	16,384	-	16,384
-	<b>33,531</b>	<b>(89,183)</b>	-	<b>607,868</b>	-	-	<b>2,939,440</b>	<b>24,800</b>	<b>2,914,640</b>

## Notes to the Financial Statements

	Cost/ revaluation 1 July 2017 \$'000	Accumulated depreciation & impairment charges \$'000	Carrying amount 1 July 2017 \$'000	Current year additions & transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000
<b>COUNCIL 2017/18</b>						
<b>Infrastructural assets:</b>						
Roading	1,080,192	11,236	1,068,957	14,457	3,446	(52)
Laboratory	93	25	68	18	-	-
Solid waste	9,476	414	9,062	-	-	-
Stormwater	156,600	2,405	154,195	289	566	(298)
Flood protection	13,896	116	13,780	2	-	-
Water	156,917	4,009	152,908	1,437	355	(289)
Wastewater	228,601	5,166	223,435	1,472	444	(407)
Work in progress	19,469	-	19,469	47,556	-	(26,887)
New Plymouth Airport runway/services	6,461	303	6,158	6,158	-	-
<b>Operational assets:</b>						
Land	79,575	-	79,575	-	-	-
Buildings/improvements	195,797	6,095	189,703	5,259	-	(546)
Vehicles	5,006	1,674	3,333	866	-	(450)
Furniture, fittings and equipment	20,585	13,951	6,634	2,409	-	(2)
Puke Ariki book collection	5,269	-	5,269	664	-	-
<b>Restricted assets:</b>						
Parks and reserves	187,947	-	187,947	(10)	63	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
<b>TOTAL COUNCIL</b>	<b>2,209,080</b>	<b>45,393</b>	<b>2,163,688</b>	<b>80,577</b>	<b>4,874</b>	<b>(28,931)</b>
<b>GROUP 2017/18</b>						
<b>Infrastructural assets:</b>						
Roading	1,080,192	11,236	1,068,957	14,457	3,446	(52)
Laboratory	93	25	68	18	-	-
Solid waste	9,476	414	9,062	-	-	-
Stormwater	156,600	2,405	154,195	289	566	(298)
Flood protection	13,896	116	13,780	2	-	-
Water	156,917	4,009	152,908	1,437	355	(289)
Wastewater	228,601	5,166	223,435	1,472	444	(407)
Work in progress	20,958	-	20,958	51,424	-	(27,118)
New Plymouth Airport runway/services	6,461	298	6,164	5,896	-	-
<b>Operational assets:</b>						
Land	79,575	-	79,575	-	-	-
Buildings/improvements	195,934	6,196	189,738	7,903	-	(546)
Vehicles	5,256	1,816	3,440	866	-	(450)
Furniture, fittings and equipment	20,932	14,237	6,695	2,474	-	(2)
Puke Ariki book collection	5,269	-	5,269	664	-	-
<b>Restricted assets:</b>						
Parks and reserves	187,947	-	187,947	(10)	63	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
<b>TOTAL COUNCIL</b>	<b>2,211,304</b>	<b>45,917</b>	<b>2,165,387</b>	<b>86,892</b>	<b>4,874</b>	<b>(29,162)</b>

## Notes to the Financial Statements

Current year impairments	Current year depreciation	Accumulated depreciation disposed/ revalued	Transfer non-current assets held for sale	Revaluation surplus/ (deficit)	Cost transfers/ adjustments	Depreciation transfers/ adjustments	Cost revaluation 30 June 2018	Accumulated depreciation & impairment 30 June 2018	Carrying amount 30 June 2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	11,482	-	(80)	-	-	-	1,097,963	22,718	1,075,245
-	9	-	-	-	-	-	111	34	77
-	228	-	-	-	(2,639)	-	6,837	642	6,195
-	2,473	(10)	-	-	-	-	157,157	4,868	152,289
-	117	-	-	-	-	-	13,898	233	13,665
-	4,188	(19)	-	-	-	-	158,420	8,178	150,242
-	5,165	(51)	-	-	-	-	230,110	10,280	219,830
-	-	-	-	-	(1,514)	-	38,624	-	38,624
-	-	-	-	-	(12,619)	(303)	-	-	-
153	-	-	(848)	7,069	(14,138)	-	71,658	153	71,505
509	6,391	(52)	(39)	-	(127)	(98)	200,344	12,845	187,499
-	422	(262)	-	-	-	-	5,422	1,834	3,588
-	2,535	-	-	-	(225)	(22)	22,767	16,464	6,303
-	411	-	-	-	-	-	5,933	411	5,522
-	-	-	-	-	-	-	188,000	-	188,000
-	-	-	-	-	-	-	26,812	-	26,812
-	-	-	-	-	-	-	16,384	-	16,384
<b>662</b>	<b>33,421</b>	<b>(394)</b>	<b>(967)</b>	<b>7,069</b>	<b>(31,262)</b>	<b>(423)</b>	<b>2,240,440</b>	<b>78,660</b>	<b>2,161,780</b>
-	11,482	-	(80)	-	-	-	1,097,963	22,718	1,075,245
-	9	-	-	-	-	-	111	34	77
-	228	-	-	-	(2,639)	-	6,837	642	6,195
-	2,473	(10)	-	-	-	-	157,157	4,868	152,289
-	117	-	-	-	-	-	13,898	233	13,665
-	4,188	(19)	-	-	-	-	158,420	8,178	150,242
-	5,165	(51)	-	-	-	-	230,110	10,280	219,830
-	-	-	-	-	-	-	45,264	-	45,264
-	526	-	-	-	-	(298)	12,357	526	11,831
153	-	-	(848)	7,069	-	-	85,796	153	85,643
509	7,055	(52)	(39)	-	-	(98)	203,252	13,610	189,642
-	450	(262)	-	-	-	-	5,672	2,004	3,668
-	2,665	-	-	-	-	(107)	23,403	16,795	6,609
-	411	-	-	-	-	-	5,933	411	5,522
-	-	-	-	-	-	-	188,000	-	188,000
-	-	-	-	-	-	-	26,812	-	26,812
-	-	-	-	-	-	-	16,384	-	16,384
<b>662</b>	<b>34,769</b>	<b>(394)</b>	<b>(967)</b>	<b>7,069</b>	<b>(2,639)</b>	<b>(503)</b>	<b>2,277,370</b>	<b>80,452</b>	<b>2,196,918</b>

## Notes to the Financial Statements

### c) Core infrastructure asset disclosures

	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Assets constructed by the Council \$'000	Assets transferred to the Council \$'000	
<b>2019 INFRASTRUCTURAL ASSETS</b>				
Water treatment plant and facilities	41,764	27	-	74,970
Other water assets	146,543	3,337	289	260,046
Wastewater treatment plant and facilities	79,388	14,301	-	137,244
Other wastewater assets	275,506	8,437	349	512,767
Stormwater drainage	224,479	1,093	520	350,144
Flood protection	19,407	-	-	21,324
Roading	1,452,468	11,769	2,246	1,004,889
<b>2018 INFRASTRUCTURAL ASSETS</b>				
Water treatment plant and facilities	38,577	156	-	71,996
Other water assets	111,662	1,279	355	214,941
Wastewater treatment plant and facilities	71,890	344	-	129,873
Other wastewater assets	147,940	1,125	444	259,688
Stormwater drainage	152,289	290	566	235,679
Flood protection	13,665	2	-	18,610
Roading	1,075,455	14,458	3,446	1,390,165

### d) Depreciation and amortisation by group of activities

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Parks and Open Spaces	2,265	2,342	2,265	2,342
Transportation	11,295	11,491	11,295	11,491
Stormwater Management	2,497	2,503	2,497	2,503
Flood Protection and Control Works	116	116	116	116
Waste Management and Minimisation	443	399	443	399
Water Supply	3,907	4,280	3,907	4,280
Wastewater Treatment	5,286	5,332	5,286	5,332
Emergency Management and Business Continuance	14	-	14	-
Community Partnerships	204	192	204	192
Govett-Brewster Art Gallery/Len Lye Centre	468	57	468	57
Puke Ariki and Community Libraries	2,099	916	2,099	916
Venues and Events	1,432	504	1,432	504
Customer and Regulatory Solutions	262	177	262	177
Support Services	2,715	5,112	2,717	5,111
Council-controlled Organisations	-	-	1,483	1,349
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>33,003</b>	<b>33,421</b>	<b>34,488</b>	<b>34,769</b>

The following significant activities in both Council and Group had nil depreciation and amortisation expense in the current and prior years: Economic Development, Governance and Management of Investments and Funding.

## Notes to the Financial Statements

### e) Waitara Lands Act land

The New Plymouth District Council (Waitara Lands) Act 2018 (the Act) was passed by Parliament and became effective from 17 March 2019. The Act allows leaseholders of 780 identified properties to purchase freehold their leased land at market value and allows for other land parcels amounting to 118 hectares to be gifted and/or purchased by hapū.

The land is recognised under restricted assets as a result of the Act which enforces restrictions on the ownership and disposal of the land by the Council.

The Council's assets includes a further \$1.57m of land to be vested in Te Kāwhatu Tū Moana Trust by 17 March 2020.

### f) Work in progress

Property, plant and equipment in the course of construction by class of asset are detailed below.

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Wastewater	4,570	19,114	4,570	19,163
Solid waste	1,209	6,577	1,209	6,577
Water	9,710	5,870	9,710	5,870
Stormwater	1,015	869	1,015	869
Flood protection	30	28	30	28
Buildings/improvements	9,883	3,107	9,883	3,107
Roading	1,208	2,163	1,208	2,163
New Plymouth Airport runway/services	-	-	17,858	6,591
Furniture, fittings and equipment	678	896	678	896
<b>TOTAL WORK IN PROGRESS</b>	<b>28,303</b>	<b>38,624</b>	<b>46,161</b>	<b>45,264</b>

### g) Significant capital projects

Significant work in progress for 2018/19 as follows:

	Total budget \$'000	Total expenditure \$'000	Variance \$'000	Comments
LED streetlighting	2,349	1,944	405	This project has been completed a year ahead of schedule. In total, 8,000 streetlights have been replaced across the district. The full five year project was completed \$1.83m under budget.
Resource Recovery Facility (Refuse Transfer Station)	2,393	19	2,374	This project has been delayed as a result of the decision to no longer progress with the Central Landfill but is expected to be completed in 2019/20. The facility will be designed, built and operated by Envirowaste.
The Junction	-	491	(491)	This project has been carried forward from the Long-Term Plan 2015-2025. It was delayed in order for it to be re-scoped to meet budget. The tender process is underway. Works are expected to be completed in 2019/20.
New reservoirs – Henwood and Mountain roads	3,395	1,122	2,273	The requirement to purchase land for Mountain Road has caused delays. However, construction efficiencies can be gained by building both reservoirs in parallel.

## Notes to the Financial Statements

	Total budget \$'000	Total expenditure \$'000	Variance \$'000	Comments
Wai Taatari projects – New Plymouth Wastewater Treatment Plant upgrade	1,514	2,514	(1,000)	This project is due to be completed in early 2019/20. The overspend in 2018/19 is partially offset by \$0.5m resilience funding. This project forms part of the \$45m Waste Water Treatment plan upgrade and renewals programme, which commenced in 2011. The overall programme is due to be completed by 2021.
Thermal Drier renewal	-	881	(881)	This project forms part of the \$45m Wastewater Treatment Plan upgrade and renewals programme. The project design is currently being developed and construction is due to commence in 2019/20. Budget carried forward from the prior year.
Mangorei Road car park	-	1,606	(1,606)	This project has been completed a year ahead of schedule as it was brought forward from the 2019/20 plan. MBIE contributed \$700k towards the project.
Water reticulation renewals	2,565	1,966	599	Work has commenced on the Inglewood water main renewals programme. It is due to be completed during the first half of 2019/20.
TSB Showplace renewals	732	744	(12)	The Theatre Royal foyer renovation has been completed.
Pukekura Park Terrace refurbishment	570	545	25	This work has been completed on time and under budget.
Waitara River walkway	-	279	(279)	Work has commenced on the walkway and is due to be completed during the first half of 2019/20. Budget carried forward from the prior year.

### h) Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Building/improvements	613	940	10,989	21,618
Roading	636	2,749	636	2,749
Waste management and minimisation	300	372	300	372
Wastewater	1,790	1,755	1,790	1,755
Water	9,028	1,473	9,028	1,473
Stormwater	11	519	11	519
New Plymouth Airport runway/services	-	-	124	-
	<b>12,378</b>	<b>7,808</b>	<b>22,878</b>	<b>28,486</b>



**h) Insurance cover**

	Cover	Sum insured \$'000
Total value of all assets covered by insurance contracts	Material damage and forestry	613,700
Total value of all assets covered by financial risk sharing arrangements	Local Authority Protection Programme	973,700
Total value of all assets that are self-insured	Self-insurance	850

As guardians of community assets with a gross current replacement cost of \$3.9 billion<sup>1</sup> the Council is responsible for ensuring that it is adequately protected from a range of perils so critical assets can be repaired or replaced as soon as possible after an event and service delivery is disrupted as little as possible. Those perils include volcanic, earthquake, flood, storm, fire and tsunami hazards.

<sup>1</sup> The optimised depreciated replacement cost of those assets is \$2.9 billion. Of that amount, around half is not insured as it is the roading network. The recovery from widespread damage to the network is expected to be assisted by central government.

**6. INTANGIBLE ASSETS**

**Accounting policy**

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

**Software acquisition and development**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs, maintenance and web related costs are recognised in the surplus or deficit when incurred.

**Carbon credits**

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of computer software, the major class of intangible assets, is three to five years (20% - 33.3%).

## Notes to the Financial Statements

	COUNCIL			GROUP		
	Carbon credits \$'000	Computer software \$'000	Council total \$'000	Carbon credits \$'000	Computer software \$'000	Council total \$'000
<b>NET BOOK VALUE AT 30 JUNE 2017</b>	<b>704</b>	<b>3,356</b>	<b>4,060</b>	<b>704</b>	<b>3,394</b>	<b>4,098</b>
Additions	1,398	807	2,205	1,398	966	2,364
Work in progress	-	174	174	-	143	143
Disposals	(575)	-	(575)	(575)	-	(575)
Amortisation	-	(820)	(820)	-	(867)	(867)
<b>NET BOOK VALUE AT 30 JUNE 2018</b>	<b>1,527</b>	<b>3,517</b>	<b>5,044</b>	<b>1,527</b>	<b>3,636</b>	<b>5,163</b>
Additions	-	1,747	1,747	-	1,747	1,747
Work in progress	-	(1,087)	(1,087)	-	(1,087)	(1,087)
Disposals	(902)	(187)	(1,089)	(902)	-	(902)
Amortisation	-	(893)	(893)	-	(957)	(957)
<b>NET BOOK VALUE AT 30 JUNE 2019</b>	<b>625</b>	<b>3,097</b>	<b>3,722</b>	<b>625</b>	<b>3,339</b>	<b>3,964</b>
Cost or valuation at 30 June 2019	625	11,396	12,021	625	11,752	12,377
Accumulated amortisation	-	(8,299)	(8,299)	-	(8,600)	(8,600)
<b>CLOSING NET BOOK VALUE AT 30 JUNE 2019</b>	<b>625</b>	<b>3,097</b>	<b>3,722</b>	<b>625</b>	<b>3,152</b>	<b>3,777</b>
Cost or valuation at 30 June 2018	1,527	10,923	12,450	1,527	11,279	12,806
Accumulated amortisation	-	(7,406)	(7,406)	-	(7,643)	(7,643)
<b>CLOSING NET BOOK VALUE AT 30 JUNE 2018</b>	<b>1,527</b>	<b>3,517</b>	<b>5,044</b>	<b>1,527</b>	<b>3,636</b>	<b>5,163</b>

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>CURRENT</b>				
Carbon credits	625	903	625	903
<b>NON-CURRENT</b>				
Carbon credits	-	624	-	624
Computer software	3,097	3,517	3,152	3,636
<b>TOTAL NON-CURRENT INTANGIBLES</b>	<b>3,097</b>	<b>4,141</b>	<b>3,152</b>	<b>4,260</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>3,722</b>	<b>5,044</b>	<b>3,777</b>	<b>5,163</b>

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

There are no intangible asset capital commitments (2017/18: nil).

Carbon credits are expected to be fully utilised in satisfying carbon obligations from its landfill. As such, no impairment has been recognised (2017/18: nil).

## 7. FORESTRY ASSETS

### Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

	COUNCIL AND GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000
Balance as at 1 July	4,831	3,224
Gains arising from changes in fair value less estimated point of sale costs attributable to price changes	880	1,647
Decrease due to harvest	(689)	-
Other changes	41	(40)
<b>BALANCE AS AT 30 JUNE</b>	<b>5,063</b>	<b>4,831</b>

The Council owns 230.4 ha (2017/18: 235.9ha) of pinus radiata forest which are at varying stages of maturity ranging from one to 40 years. In addition, the Council is involved in two joint ventures (refer (c) below) comprising 93.3 ha (2017/18: 97.6 ha) at varying stages of maturity ranging from 21 to 25 years. There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

### a) Valuation

Independent registered valuers, PF Olsen Limited have valued forestry assets as at 30 June 2019 based on methodology recommended by the New Zealand Institute of Forestry. For the valuation a discount rate of 7%, applied to pre-tax cash flows, has been used (2017/18: 6%). No allowance for inflation has been provided. The sensitivity of crop value to discount rate is shown below:

As at 30 June 2019	6%	7% (as used)	8%
Tree crop value (\$m)	5.6	5.1	4.6

Log prices are based on a three-year historical rolling average. Costs are current average costs and no allowance has been made for cost improvements in future operations. The sensitivity of crop value to changes in log prices and production costs is shown below:

As at 30 June 2019	+10%	Base (as used)	-10%
Tree crop value (\$m)	6.4	5.1	3.7

Key financial risks arise from increase in costs associated with logging/loads and cartage harvesting costs. Also there is a risk in sale price for forestry. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## Notes to the Financial Statements

### c) Joint Ventures

#### Accounting policy

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs and the share of revenue it earns from the joint venture.

As at 30 June 2019, the Council is involved in two forestry joint venture agreements (2017/18: three forestry joint ventures): Duthie Joint Venture (Council share 54.8%) and McKay Joint Venture (Council share 56.5%). Harvesting of the Tarata Ngatimaru Pukehou Forestry Joint Venture was completed in September 2018 and the Joint Venture was wound up on 31 October 2018.

The Council's interest in the joint ventures are as follows:

	COUNCIL AND GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000
Current assets	522	32
Non-current assets	-	171
Current liabilities	908	763
Non-current liabilities	2	5
Revenue	675	287
Expenses	522	32

## 8. NON-CURRENT ASSETS HELD FOR SALE

#### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets held for sale are separately disclosed in the Statement of financial position at the lower of their carrying amount and fair value less costs to sell. They are not depreciated or amortised.

Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

	COUNCIL AND GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000
Land	88	848
Buildings	-	39
Roading	-	80
<b>TOTAL NON-CURRENT ASSETS HELD FOR SALE</b>	<b>88</b>	<b>967</b>

Recognised at 30 June 2019 is one block of land no longer required for council purposes.

Recognised at 30 June 2018 were four blocks of land and three buildings no longer required for council purposes.

## 9. OTHER FINANCIAL ASSETS

### Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in surplus or deficit.

The Council classifies its financial assets into the following categories for the purpose of measurement:

- fair value through surplus or deficit, or
- loans and receivables, or
- fair value through other comprehensive revenue and expense.

### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held-for-trading are classified as a current asset. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Included in this category is the Council's investment in Tasmanian Land Company Limited and the Perpetual Investment Fund.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. These loans are measured at amortised cost using the effective interest rate method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as interest. The Council's loans and receivables comprise debtors and other receivables, LGFA borrower notes, term deposits, related party loans and community loans.

### *Fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category of initial recognition or are not classified in any of the other categories above.

They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expenditure is reclassified from equity to the surplus or deficit.

The Council includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- bonds and shareholdings in NZ Local Government Funding Agency (NZ LGFA) and shareholdings in Civic Financial Services Limited.

### *Impairment*

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit. Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. The Council has no impairment for the year ended 30 June 2019 (2017/18: Nil).

## Notes to the Financial Statements

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>CURRENT ASSETS</b>				
Term deposits with maturities of 4-12 months	37,439	39,151	37,439	39,151
Waitara Perpetual Community Fund - Term Deposit	1,008	-	1,008	-
Bonds, shares and other investments (PIF)	240,624	237,039	240,624	237,039
<i>Investment in CCOs and similar entities</i>				
Loan to Papa Rererangi i Puketapu Limited	3,650	3,800	-	-
<b>TOTAL CURRENT OTHER FINANCIAL ASSETS</b>	<b>282,721</b>	<b>279,990</b>	<b>279,071</b>	<b>276,190</b>
<b>NON-CURRENT ASSETS</b>				
Term deposits	480	527	480	527
Community loans	1,607	1,612	1,607	1,612
Bonds, shares and other investments (PIF)	52,843	48,036	52,842	48,035
LGFA borrower notes	1,384	984	1,384	984
<i>Investment in CCOs and similar entities</i>				
Unlisted shares in Civic Financial Services Ltd and the LGFA	704	704	704	704
Unlisted shares in Papa Rererangi i Puketapu Limited	27,138	27,138	-	-
Loan to Papa Rererangi i Puketapu Limited	13,499	3,494	-	-
Unlisted shares in Tasmanian Land Company Limited	1,976	2,600	-	-
<b>TOTAL NON-CURRENT OTHER FINANCIAL ASSETS</b>	<b>99,631</b>	<b>85,095</b>	<b>57,017</b>	<b>51,862</b>
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>382,352</b>	<b>365,085</b>	<b>336,088</b>	<b>328,052</b>

### a) Waitara Perpetual Community Fund

The Council holds funds on behalf of the Waitara Community Board for the establishment of Waitara Perpetual Community Fund required by the New Plymouth District Council (Waitara Lands) Act 2018. These funds will be held until such time that the fund's investment strategies, policies and processes have been approved by the Council. The term deposit interest rate at 30 June 2019 is 3.09%. For more information refer note 17(a).

### b) Unlisted shares in subsidiaries (investment in CCOs)

#### *Papa Rererangi i Puketapu Limited (PRIP)*

The Council's investment in PRIP of \$27.1m (2017/18: \$27.1m) includes a \$14.1m 99-year finance lease for land. Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Council to PRIP. The substance of the transaction is that the Council has made a contribution to PRIP reflective of the difference between the fair value of the land (\$14.1m) and the present value of the minimum lease payments (\$99).

While the land is owned by the Council, the Crown retains a 50% beneficial interest, including a share of any proceeds if it were to be sold in the future. The land cannot be disposed of without prior consent from the Crown.

#### *Tasmanian Land Company*

The business operations of TLC were sold on 31 March 2016. As at 30 June 2019, TLC remained a Council-controlled organisation. On 21 June 2018, TFL was placed into members' voluntary liquidation. The balance remaining with TLC will be transferred to Mercer in the future, once all the companies in the group have been wound up. As at 30 June 2019 and 30 June 2018, the Council held 100 per cent of the 88,459,358 issued shares of TLC.

### c) Loans to Papa Rererangi i Puketapu Limited

On 3 July 2017 the Council entered into a facility agreement with PRIP, making available to PRIP both a current and non-current loan facility. An initial non-current loan of \$3.5m was advanced to PRIP in partial satisfaction of the transfer price of the assets purchased from the Council. Subsequent advances have been made for the terminal redevelopment project.

## Notes to the Financial Statements

The interest rate on the non-current loan has been set at the Council's cost of funds plus 0.75 per cent per annum, currently 4.33 per cent. The interest rate on the current loan has been set at the Council's cost of funds plus 0.25 per cent per annum, currently 3.83 per cent.

### d) Bonds, shares and other investments (PIF)

The PIF is recorded at fair value and has been independently valued by Mercer. Gains or losses on re-measurement are recognised in the surplus or deficit. The Council's \$2.0m (2017/18 \$2.6m) investment in TLC is included in the cash allocation balance. The Group balance excludes the investment in TLC.

	COUNCIL	
	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>OPENING BALANCE</b>	287,674	274,867
<b>Revenue and gains:</b>		
Currency gains	1	107
Net unrealised gains	18,858	23,298
<b>Total revenue and gains</b>	<b>18,859</b>	<b>23,405</b>
Less direct expenses	2,489	2,426
<b>NET SURPLUS FOR THE YEAR</b>	<b>16,370</b>	<b>20,979</b>
<b>Transfers in/(out) of the fund:</b>		
Reimbursement of costs to the Council	(190)	(68)
Release to the Council (including interest)	(8,411)	(8,104)
<b>Total transfers in/(out) of the fund</b>	<b>(8,601)</b>	<b>(8,172)</b>
<b>Net change in PIF investment</b>	<b>7,769</b>	<b>12,807</b>
<b>CLOSING BALANCE</b>	<b>295,443</b>	<b>287,674</b>
<b>Portfolio asset allocation:</b>		
Alternative assets	51,993	51,449
Private equity	34,993	29,959
Developed market global equities	133,842	132,700
Emerging markets	19,343	17,110
Fixed revenue	33,062	32,288
Cash	22,210	24,168
	<b>295,443</b>	<b>287,674</b>

Through the PIF, the Council has commitments to subscribe to a number of private equity funds. At 30 June 2019 \$48.9m (2017/18: 57.4m) of this commitment was yet to be called up.

## 10. CASH AND CASH EQUIVALENTS

### Accounting policy

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, net of bank overdraft classified under current liabilities. The carrying value of cash at bank and short-term deposits with original maturities less than three months approximates their fair value.

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Cash at bank and on hand	10,793	6,497	13,872	9,675
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>10,793</b>	<b>6,497</b>	<b>13,872</b>	<b>9,675</b>

## Notes to the Financial Statements

### a) Funds subject to restrictions

The Council holds unspent funds, included in cash and cash equivalents and other financial assets (refer note 9), of which \$39.9m (2017/18: \$50.9m) are subject to restrictions. These unspent funds relate to trusts and bequests received (refer note 17), lump sum contributions and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

### b) New Plymouth District Council (Waitara Lands) Act 2018

Cash at bank and on hand includes \$1.6m held for the establishment of the Hapū Land Fund as required by the New Plymouth District Council (Waitara Lands) Act 2018. For more information refer note 17(a).

## 11. DEBTORS AND OTHER RECEIVABLES

### Accounting policy

Short-term receivables are recorded at the amount due less any provision for uncollectability.

Fair value: receivables are generally short-term and non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of receivables approximates their fair value.

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Trade receivables	5,275	6,808	5,873	6,948
Rates receivables	2,602	2,112	2,602	2,112
Accrued revenue	4,693	2,851	4,677	2,996
Prepayments	621	766	626	778
GST receivable	1,411	1,401	2,005	1,608
Sundry receivables	1,889	1,517	1,782	1,565
<b>Gross receivables and prepayments</b>	<b>16,491</b>	<b>15,455</b>	<b>17,565</b>	<b>16,007</b>
Less provision for uncollectability	430	383	430	383
<b>TOTAL RECEIVABLES AND PREPAYMENTS</b>	<b>16,061</b>	<b>15,072</b>	<b>17,135</b>	<b>15,624</b>
<b>Total receivables comprise:</b>				
Receivables from non-exchange transactions <sup>1</sup>	3,729	3,816	3,729	3,816
Receivables from exchange transactions <sup>2</sup>	12,332	11,256	13,406	11,808
	<b>16,061</b>	<b>15,072</b>	<b>17,135</b>	<b>15,624</b>

<sup>1</sup> Includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates.

<sup>2</sup> Includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

### a) Provision of uncollectability

#### Accounting policy

All receivables greater than 30 days in age are considered to be past due.

A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

The Council does not provide for any provision for uncollectability on rates receivable as it has various powers under the LG(R)A to recover any outstanding debts.

The provision for uncollectability of other receivables has been calculated based on a review of specific overdue receivables.

The Council holds no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.



## Notes to the Financial Statements

Ageing profile of total receivables	2018/19			2017/18		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
<b>COUNCIL</b>						
Not past due	13,411	-	13,411	12,238	-	12,238
Past due 1-30 days	436	-	436	367	-	367
Past due 31-60 days	330	-	330	225	-	225
Past due 61-90 days	61	-	61	181	-	181
Past due >90 days	2,253	430	1,823	2,444	383	2,061
	<b>16,491</b>	<b>430</b>	<b>16,061</b>	<b>15,455</b>	<b>383</b>	<b>15,072</b>
<b>GROUP</b>						
Not past due	14,312	-	14,312	12,709	-	12,709
Past due 1-30 days	558	-	558	396	-	396
Past due 31-60 days	334	-	334	225	-	225
Past due 61-90 days	70	-	70	191	-	191
Past due >90 days	2,291	430	1,861	2,486	383	2,103
	<b>17,565</b>	<b>430</b>	<b>17,135</b>	<b>16,007</b>	<b>383</b>	<b>15,624</b>

Movements in the provision for debts that are not considered collectable as follows:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
At 1 July	383	180	383	180
Additional provisions made during the year	47	203	47	203
Receivables written-off during the year	-	-	-	-
<b>TOTAL PROVISION FOR UNCOLLECTABILITY</b>	<b>430</b>	<b>383</b>	<b>430</b>	<b>383</b>

## 12. CREDITORS AND OTHER PAYABLES

### Accounting policy

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of trade and other payables approximates their fair value. All amounts in trade and other payables are assessed as exchange as these balances arose from transactions carried out on normal business terms.

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Trade payables	10,151	12,525	13,268	13,587
Revenue in advance	4,051	3,354	4,074	3,394
Central Landfill Joint Committee liability	2,641	2,945	2,641	2,945
Waitara Lands Act	3,029	-	3,029	-
Deposits and bonds	1,009	1,201	1,009	1,201
Contract retentions	1,160	1,182	1,361	1,251
Accrued interest	795	592	795	592
Other payables	600	573	631	631
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>23,436</b>	<b>22,372</b>	<b>26,808</b>	<b>23,601</b>

## Notes to the Financial Statements

### a) Central Landfill Joint Committee

During 2017/18 the Council agreed with the South Taranaki District Council (STDC) and the Stratford District Council (SDC) to form a Joint Committee tasked with developing a new landfill and operating it following the closure of the Colson Road Landfill. Each council's share of capital contributions, distribution of any operating surplus or apportionment of any operating deficit has been agreed as follows: NPDC 66.4%, STDC 27.1% and SDC 6.5%. As at 30 June 2019, no additional capital contributions were made (2017/18: \$16.1m).

In November 2018, the Joint Committee made the decision to suspend further development of the Central Landfill. Waste will now be disposed of at Bonny Glen under a 35 year contract with Midwest Disposals Ltd who operate the landfill. As there is not alternative use for the landfill, all capital costs incurred have been written off to surplus or deficit, of which the Council's share is \$5.4m (refer note 4). As at 30 June 2019 the Joint Committee is yet to make a decision about the return of unspent contributions.

### b) Waitara Lands Act Liability

The balance comprises amounts held as a requirement of the New Plymouth District Council (Waitara Lands) Act 2018:

Hapū Land Fund	1,632
Waitara Perpetual Community Fund	1,008
Waitara Lands liability	389
	<b>3,029</b>

Refer note 17(a) for additional information.

## 13. BORROWINGS

### Accounting policy

All loans and borrowings are initially recognised at fair value of the consideration received plus transaction costs.

All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

	COUNCIL AND GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>CURRENT</b>		
Debenture stock	39,000	39,000
Local Government Funding Agency	-	15,000
<b>TOTAL CURRENT BORROWINGS</b>	<b>39,000</b>	<b>54,000</b>
<b>NON-CURRENT</b>		
Debenture stock	5,000	5,000
Local Government Funding Agency	99,000	59,000
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>104,000</b>	<b>64,000</b>

### Interest terms

The Council has \$30m of its total debt of \$143m issued at fixed rates of interest (2017/18: \$13m of \$118m). The remainder of the Council's loans are issued at floating interest rates. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Interest rates range from 1.7% to 5.5% (2017/18: 2.0% to 5.5%) – weighted average rate of 4.1% (2017/18: 4.6%). Total interest costs were \$5,872k (2017/18: \$5,406k).

The Council has a number of interest rate swaps and forward interest rates swaps in place to fix and manage interest payments (refer note 18).

## Security

The Council's loans have been issued in accordance with the LGA. The loans are secured through the debenture trust deed over all rates. As at 30 June 2019, the Council has issued to its bankers security certificates totalling \$9.8b (2017/18: \$8.8b) to secure the various bank loan facilities, bank overdraft and guarantees issued on behalf of the Council.

## Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the majority of secured loans approximates their fair value. There are \$30m of secured loans that have been issued at fixed rate and have greater than 12 months to maturity. The fair value of these loans is \$32.1m (2017/18: \$15.0m). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 3.89% (2017/18: 4.52%).

## 14. PROVISIONS

### Accounting policy

Provisions are recognised when the Council has a present obligation as a result of a past event, a reliable estimate can be made for the amount of the obligation and it is probable that the Council will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

	COUNCIL AND GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>CURRENT PROVISIONS</b>		
Weathertightness claims	100	100
Landfill aftercare provision	123	123
Emission trading scheme	554	451
Other	240	320
<b>TOTAL CURRENT PROVISIONS</b>	<b>1,017</b>	<b>994</b>
<b>NON-CURRENT PROVISIONS</b>		
Landfill aftercare provision	1,735	1,665
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>1,735</b>	<b>1,665</b>

	Weather-tightness claims	Landfill aftercare	Carbon credits	Other	Council and Group
<b>BALANCE AT 30 JUNE 2018</b>	<b>100</b>	<b>1,788</b>	<b>451</b>	<b>320</b>	<b>2,659</b>
Additional provisions made	-	70	1,005	-	1,075
Unused amounts reversed	-	-	-	-	-
Amounts used	-	-	(902)	(80)	(982)
<b>BALANCE AT 30 JUNE 2019</b>	<b>100</b>	<b>1,858</b>	<b>554</b>	<b>240</b>	<b>2,752</b>

### a) Weathertightness claims

No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) in the year to 30 June 2019 (2017/18: Nil). The Council is subject to one claim (2017/18: one claim) relating to weathertightness of buildings. The claim was lodged under the Weathertight Home Resolution Service.

The Council acknowledges that it may be liable for claims in the future relating to weathertightness buildings not yet identified. Information regarding these potential claims is subject to extreme uncertainty and therefore no provision or contingent liability has been made for any potential future claims.

## Notes to the Financial Statements

### b) Emission Trading Scheme

The provision recognises \$901,384 (2017/18: \$574,504) for the Emission Trading Scheme unit costs for landfill used in the year to 30 June 2019.

### c) Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements, an inflation factor of 0% (2017/18: 0%) and a discount rate of 6% (2017/18: 6%).

The Council has responsibility under the consent to provide ongoing maintenance and monitoring of a landfill after a site is closed. Post-closure responsibilities include: treatment and monitoring of leachate, groundwater and surface monitoring, gas monitoring and recover, implementation of remedial measures such as needing for cover and control systems, ongoing site maintenance for drainage systems and final cover and vegetation.

## 15. EMPLOYEE ENTITLEMENTS

### Accounting policy

Provision is made in respect of the Council's liability for retiring gratuity allowances, annual and long service leave and sick leave.

The retirement gratuity liability and long service leave liability is assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Liabilities for accumulating short-term compensated absences (e.g. annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date.

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities that are expected to be settled within 12 months of balance date are classified as current.

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>CURRENT EMPLOYEE ENTITLEMENTS</b>				
Accrued pay and sick leave	950	824	950	824
Annual leave	2,639	2,561	2,763	2,681
<b>TOTAL CURRENT EMPLOYEE ENTITLEMENTS</b>	<b>3,589</b>	<b>3,385</b>	<b>3,713</b>	<b>3,505</b>
<b>NON-CURRENT EMPLOYEE ENTITLEMENTS</b>				
Long service leave	90	87	90	87
Retirement gratuities	428	462	428	462
<b>TOTAL NON-CURRENT EMPLOYEE ENTITLEMENTS</b>	<b>518</b>	<b>549</b>	<b>518</b>	<b>549</b>

## 16. TAX

**Accounting policy***Income tax*

Income tax expense includes components relating to current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year and any adjustments in respect of prior years.

*Deferred tax*

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

**a) Components of tax expense**

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Current tax	-	-	412	336
Deferred tax	-	-	(68)	(28)
<b>TOTAL INCOME TAX (REFUND)/EXPENSE</b>	-	-	<b>344</b>	<b>308</b>

**b) Relationship between tax expense and accounting profit**

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Deficit/(surplus) before tax	(3,227)	23,705	(3,005)	24,001
Tax at 28% (2017/18: 28%)	(904)	6,637	(841)	6,720
Plus/(less) tax effect of non-assessable revenue	904	(6,637)	1,185	(6,412)
<b>TOTAL INCOME TAX (REFUND)/EXPENSE</b>	-	-	<b>344</b>	<b>308</b>

**c) Current tax asset/(liability)**

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>TAX (PAYABLE)/RECEIVABLE</b>	-	-	<b>(43)</b>	<b>(302)</b>

The Council has \$1,224,335 (2017/18: \$1,224,335) unrecognised tax losses available to carry-forward.

## Notes to the Financial Statements

### d) Council deferred tax asset/(liability)

	Property, plant and equipment \$'000	Other provisions \$'000	Total \$'000
BALANCE AT 1 JULY 2017	(1,281)	5	1,276
Reversal on disposal of business	1,281	(5)	(1,276)
BALANCE AT 30 JUNE 2018	-	-	-

### e) Group deferred tax asset/(liability)

	Property, plant and equipment \$'000	Other provisions \$'000	Total \$'000
BALANCE AT 1 JULY 2017	(1,281)	5	1,276
Reversal on disposal of business	1,281	(5)	(1,276)
Charged to surplus/(deficit)	28	-	28
BALANCE AT 30 JUNE 2018	28	-	28
Charged to surplus/(deficit)	40	-	40
BALANCE AT 30 JUNE 2019	68	-	68

## 17. EQUITY AND CAPITAL MANAGEMENT

### Accounting policy

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- ordinary reserves
- restricted reserves
- property revaluation reserves.

#### Accumulated funds

Accumulated funds are the capital fund made up of accumulated surpluses and deficits. A surplus in any year is added to the fund and a deficit in any year and deducted from the fund. Ordinary reserves are reserves created by Council decision. The Council may alter the purpose of a reserve without reference to a third party or the Courts. Transfers to and from these reserves is at the discretion of the Council.

#### Restricted reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfer from these reserves can be made by certain specified purposes or when certain specified conditions are met.

#### Asset revaluation reserves

Asset revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

## Notes to the Financial Statements

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>ACCUMULATED FUNDS</b>				
Balance at 1 July	1,563,016	1,524,480	1,552,744	1,524,771
Transfers (to)/from restricted and council created reserves	728	2,652	728	2,652
Transfer from property revaluation reserve on disposal	-	12,849	-	2,407
Transfer to deferred tax effect/impact on disposal of property	-	(671)	-	(671)
Waitara Lands Act reserve transfer	5,569	-	5,569	-
Decrease due to currency fluctuation	-	-	198	(109)
Equity adjustment	-	1	-	1
(Deficit)/surplus for the year	(3,227)	23,705	(3,349)	23,693
<b>TOTAL ACCUMULATED FUNDS AT 30 JUNE</b>	<b>1,566,086</b>	<b>1,563,016</b>	<b>1,555,890</b>	<b>1,552,744</b>
<b>RESTRICTED AND COUNCIL CREATED RESERVES</b>				
Balance at 1 July	82,867	85,519	82,923	85,575
Transfers from accumulated funds	27,114	51,297	27,114	51,297
Transfers to accumulated funds	(27,842)	(53,949)	(27,842)	(53,949)
Waitara Lands Act Reserve transfer	(5,569)	-	(5,569)	-
<b>Total restricted and Council-created reserves at 30 June</b>	<b>76,570</b>	<b>82,867</b>	<b>76,626</b>	<b>82,923</b>
<b>REVALUATION RESERVE</b>				
Balance at 1 July	759,548	764,853	769,990	764,853
Transfer to accumulated funds on disposal of assets	-	(12,849)	-	(2,407)
Revaluation gains/(losses) – property, plant and equipment	696,921	7,069	696,921	7,069
Transfer to deferred tax effect/impact on disposal of property	-	671	-	671
Impairment	-	(196)	-	(196)
<b>Total revaluation reserve at 30 June</b>	<b>1,456,469</b>	<b>759,548</b>	<b>1,466,911</b>	<b>769,990</b>
<b>CURRENCY FLUCTUATION RESERVE</b>				
Balance at 1 July	-	-	105	(4)
Increase/(decrease) due to currency fluctuation	-	-	(198)	109
<b>Total currency fluctuation reserve at 30 June</b>	<b>-</b>	<b>-</b>	<b>(93)</b>	<b>105</b>
<b>TOTAL RESERVES AT 30 JUNE</b>	<b>1,533,039</b>	<b>842,415</b>	<b>1,543,444</b>	<b>853,018</b>
<b>TOTAL EQUITY AT 30 JUNE</b>	<b>3,099,125</b>	<b>2,405,431</b>	<b>3,099,334</b>	<b>2,405,762</b>

# Notes to the Financial Statements

## a) Ordinary and restricted reserves

	Balance at 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance at 30 June \$'000
<b>2018/19 - COUNCIL AND GROUP</b>				
Renewal and disaster funds	41,020	19,413	(22,840)	37,593
Restricted reserves, Trust and bequest funds <sup>1</sup>	25,996	2,348	(6,903)	21,441
Operating reserve funds	12,780	3,327	(1,693)	14,414
Smoothing reserve funds	1,875	-	(30)	1,845
Development funds	1,252	2,026	(1,945)	1,333
<b>TOTAL ORDINARY AND RESTRICTED RESERVES</b>	<b>82,923</b>	<b>27,114</b>	<b>(33,411)</b>	<b>76,626</b>
<b>2017/18 - COUNCIL AND GROUP</b>				
Renewal and disaster funds	42,349	33,624	(34,953)	41,020
Restricted reserves, Trust and bequest funds <sup>1</sup>	29,903	13,681	(17,588)	25,996
Operating reserve funds	10,240	2,884	(344)	12,780
Smoothing reserve funds	1,833	15	27	1,875
Development funds	1,250	1,093	(1,091)	1,252
<b>TOTAL ORDINARY AND RESTRICTED RESERVES</b>	<b>85,575</b>	<b>51,297</b>	<b>(53,949)</b>	<b>82,923</b>

<sup>1</sup> The opening balance of the Council only balance for restricted reserves, Trust and bequest funds is \$25,940k (2017/18: \$29,847k), which differs from the Group value. Transfers in and out of the fund are the same for both Council and Group.

### *Waitara Lands Act reserve transfer*

The New Plymouth District Council (Waitara Lands) Act 2018 required the accumulated income balance held as a restricted reserve to be allocated and transferred as follows:

i) Hapū Land Fund	1,632
ii) Waitara Perpetual Community Fund	1,008
iii) Taranaki Regional Council (River Fund)	2,540
iv) Waitara Lands Liability	389
	<b>5,569</b>

- Funds are being held in a separately identifiable bank account, included in cash and cash equivalents (refer note 10), with a corresponding liability recognised until such time that the funds can be remitted (refer note 12).
- Funds are being held in a separately identifiable term deposit, included in other financial assets (refer note 9), with a corresponding liability recognised until such time that the funds can be remitted (refer note 12).
- Funds remitted to the Taranaki Regional Council.
- The balance of \$389k represents amounts held and yet to be distributed to the Funds (refer note 12).

## b) Purpose of each reserve land

### *Renewal and disaster funds*

The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services. In addition, the Council maintains a disaster fund as part of its insurance strategies. The renewal funds are applied to all activities throughout Council.

### *Restricted reserves, Trust and bequest funds*

These funds are subject to specific conditions accepted as binding by the Council, such as bequests or operations in trust under specific Acts, and which may not be revised by the Council without reference to the courts or third party. Transfers from these reserves may be made only for certain specified purposes, or when specified conditions are met. These include the heritage funds, proceeds from sale of Junction Road leases, Ngāmotu Masonic Lodge Bursary Fund and certain bequest funds: Monica Brewster, Molly Morpeth Canaday and JT Gibson. These funds are applied to infrastructural asset activities, Puke Ariki and Len Lye Centre/Govett-Brewster Art Gallery.



## Operating reserve funds

These are set aside to fund short-term operational matters such as holding short-term surpluses arising from Water Supply and Wastewater treatment operations and some internal services.

## Smoothing reserve funds

These fund significant costs incurred generally every three years. An annual general charge is made to level out the impacts of these costs on rates. These include asset revaluations, Long-Term Plan audit fee, Council elections and orthophotography. These funds are applied to infrastructural services, some internal services and Civic and Democracy services.

## Development funds

These arise from development and financial contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure in the infrastructural asset activities of Roads, Water Supply, Wastewater, Stormwater, Flood Protection, Parks, Recreation and Events, Puke Ariki and Govett-Brewster Art Gallery/ Len Lye Centre. These reserves also include the waste management and minimisation fund which was set up for capital, renewal and emergency maintenance works associated with the District's solid waste disposal systems.

## c) Property revaluation reserve

Property revaluation reserves for each asset class consist of:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Infrastructure	1,235,636	625,343	1,235,636	625,343
Operational land	44,419	32,996	54,861	43,438
Operational buildings	56,361	29,830	56,361	29,830
Restricted land	115,312	66,638	115,312	66,638
Operational library	(404)	(404)	(404)	(404)
Restricted art/museum	5,145	5,145	5,145	5,145
	<b>1,456,469</b>	<b>759,548</b>	<b>1,466,911</b>	<b>769,990</b>

## d) Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interest of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and other financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

# Notes to the Financial Statements

## 18. FINANCIAL RISK MANAGEMENT

### Accounting policy

#### Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the contract is entered into. They are subsequently re-measured to fair value each month with the associated gains or losses recognised in the surplus or deficit.

Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative financial instruments that are settled within 12 months are treated as current.

The Council does not designate any derivatives as hedging instruments.

### a) Financial instrument categories

Financial Assets	Financial Liabilities
<b>FAIR VALUE THROUGH SURPLUS OR DEFICIT</b>	<b>FAIR VALUE THROUGH SURPLUS OR DEFICIT</b>
Interest rate swaps - refer note 18(c)	Interest rate swaps - refer note 18(c)
Bonds, shares and other investments (PIF) – refer note 9	
<b>LOANS AND RECEIVABLES</b>	<b>LOANS AND RECEIVABLES</b>
Cash and cash equivalents – refer note 10	Creditors and other payables – refer note 12
Debtors and other receivables – refer note 11	Borrowings – refer note 13
Other financial assets – refer note 9	- Debenture stock
- Term deposits	- Local Government Funding Agency
- Loan to Papa Rererangi i Puketapu Ltd	
- Community loans	
<b>FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND EXPENSE</b>	
Other financial assets – refer note 9	
- Local Government Funding Agency	
- Civic Financial Services Ltd	

The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of financial position.

### b) Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of financial position, fair values are determined according to the following hierarchy:

**Quoted market price (level 1)** – financial instruments with quoted prices for identical instruments in active markets.

**Valuation technique using observable inputs (level 2)** – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Valuation techniques with significant non-observable inputs (level 3)** – financial instruments valued using models where one or more significant inputs are not observable.

## Notes to the Financial Statements

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of financial position.

	VALUATION TECHNIQUE			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
<b>30 JUNE 2019 - COUNCIL</b>				
<i>Financial assets</i>				
Bonds, shares and other investments (PIF)	295,443	242,600	17,850	34,993
Shares in Civic Financial Services Ltd and the LGFA	2,088	-	2,088	-
Derivative financial instruments	761	-	761	-
<i>Financial liabilities</i>				
Derivative financial instruments	15,474	-	15,474	-
<b>30 JUNE 2019 - GROUP</b>				
<i>Financial assets</i>				
Bonds, shares and other investments (PIF)	293,466	242,600	17,580	33,016
Shares in Civic Financial Services Ltd and the LGFA	2,088	-	2,088	-
Derivative financial instruments	761	-	761	-
<i>Financial liabilities</i>				
Derivative financial instruments	15,474	-	15,474	-
<b>30 JUNE 2018 - COUNCIL</b>				
<i>Financial assets</i>				
Bonds, shares and other investments (PIF)	287,674	239,639	18,076	29,959
Shares in Civic Financial Services Ltd and the LGFA	1,688	-	1,688	-
Derivative financial instruments	619	-	619	-
<i>Financial liabilities</i>				
Derivative financial instruments	7,649	-	7,649	-
<b>30 JUNE 2018 - GROUP</b>				
<i>Financial assets</i>				
Bonds, shares and other investments (PIF)	285,074	239,639	18,076	27,359
Shares in Civic Financial Services Ltd and the LGFA	1,688	-	1,688	-
Derivative financial instruments	619	-	619	-
<i>Financial liabilities</i>				
Derivative financial instruments	7,649	-	7,649	-

There were no transfers between the different levels of the fair value hierarchy.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
Balance at 1 July	29,959	24,285	27,359	24,154
Purchases	8,673	16,587	8,673	16,587
Sales	(5,755)	(11,620)	(5,755)	(11,620)
Gains/(losses) recognised in the surplus or deficit	2,116	707	2,739	(1,762)
<b>BALANCE AT 30 JUNE</b>	<b>34,993</b>	<b>29,959</b>	<b>33,016</b>	<b>27,359</b>

## Notes to the Financial Statements

### c) Financial instrument risks

#### (i) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

The Council is exposed to credit risk as a guarantor of all of New Zealand Local Government Funding Agency's (LGFA) borrowings. Information about this exposure is explained in note 20.

The PIF invests in a variety of investments; equities, bonds and private equity funds. Credit risk is managed by diversification of the investment portfolio in accordance with advice from NPG, which includes limits set on individual investments in any one financial institution or organisation.

The Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover debt from ratepayers.

The Council holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

The Council's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. The Council's maximum credit exposure for each class of financial instrument is as follows:

	COUNCIL		GROUP	
	2018/19 Actual \$'000	2017/18 Actual \$'000	2018/19 Actual \$'000	2017/18 Actual \$'000
<b>MAXIMUM EXPOSURE TO CREDIT RISK</b>				
Cash at bank and term deposits	49,720	46,175	52,799	49,353
Debtors and other receivables	15,440	14,306	16,509	14,846
Community and related party loans	18,756	8,906	1,607	1,612
Bonds, shares and other investments (PIF)	295,443	287,674	293,466	285,074
	<b>379,359</b>	<b>357,061</b>	<b>364,381</b>	<b>350,885</b>
<b>CREDIT QUALITY OF FINANCIAL ASSETS</b>				
<b>Counterparties with credit ratings - cash at bank and term deposits</b>				
AA- or higher	47,300	38,745	50,379	41,590
A-	1,760	1,430	1,760	1,763
A	660	6,000	660	6,000
	<b>49,720</b>	<b>46,175</b>	<b>52,799</b>	<b>49,353</b>

#### (ii) Liquidity risk

##### Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Treasury Management Policy.

The Council has a maximum amount that can be drawn down against call facilities at two separate banks totalling \$24m (2017/18: \$24m). There are no restrictions on the use of the facilities. At balance date no amount had been drawn down on these facilities (2017/18: Nil).

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 20.

## Notes to the Financial Statements

### (iii) Contractual maturity analysis of financial liabilities (excluding derivative financial instruments)

The following tables analyse the Council's financial liabilities (excluding derivative financial instruments) into maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b>FINANCIAL LIABILITIES</b>					
<b>Council 2019</b>					
Creditors and other payables	13,715	13,715	13,715	-	-
Borrowings	143,000	160,546	57,383	37,406	65,757
<b>TOTAL</b>	<b>156,715</b>	<b>174,261</b>	<b>71,098</b>	<b>37,406</b>	<b>65,757</b>
<b>Group 2019</b>					
Creditors and other payables	17,064	17,064	17,064	-	-
Borrowings	143,000	160,546	57,383	37,406	65,757
<b>TOTAL</b>	<b>160,064</b>	<b>177,610</b>	<b>74,447</b>	<b>37,406</b>	<b>65,757</b>
<b>Council 2018</b>					
Creditors and other payables	16,073	16,073	16,073	-	-
Borrowings	118,000	130,212	56,358	38,619	35,235
<b>TOTAL</b>	<b>134,073</b>	<b>146,285</b>	<b>72,431</b>	<b>38,619</b>	<b>35,235</b>
<b>Group 2018</b>					
Creditors and other payables	17,262	17,262	17,262	-	-
Borrowings	118,000	130,212	56,358	38,619	35,235
<b>TOTAL</b>	<b>135,262</b>	<b>147,474</b>	<b>73,620</b>	<b>38,619</b>	<b>35,235</b>

The following table analyses the Council's financial assets (excluding derivative financial instruments) into maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b>FINANCIAL ASSETS</b>					
<b>Council 2019</b>					
Cash and cash equivalents	10,793	10,793	10,793	-	-
Debtors and other receivables	15,440	15,440	15,440	-	-
Term deposits	37,919	38,091	37,594	497	-
Community and related party loans	18,756	32,905	4,754	6,309	21,842
<b>TOTAL</b>	<b>82,908</b>	<b>97,229</b>	<b>68,581</b>	<b>6,806</b>	<b>21,842</b>
<b>Group 2019</b>					
Cash and cash equivalents	13,872	13,872	13,872	-	-
Debtors and other receivables	16,509	16,509	16,509	-	-
Term deposits	37,919	38,091	37,594	497	-
Community and related party loans	1,607	2,527	380	1,412	735
<b>TOTAL</b>	<b>69,907</b>	<b>70,999</b>	<b>68,355</b>	<b>1,909</b>	<b>735</b>

## Notes to the Financial Statements

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b>Council 2018</b>					
Cash and cash equivalents	6,497	6,497	6,497	-	-
Debtors and other receivables	14,306	14,306	14,306	-	-
Term deposits	39,678	39,860	39,320	540	-
Community and related party loans	8,906	16,400	4,477	3,921	8,002
<b>TOTAL</b>	<b>69,387</b>	<b>77,063</b>	<b>64,600</b>	<b>4,461</b>	<b>8,002</b>
<b>Group 2018</b>					
Cash and cash equivalents	9,675	9,675	9,675	-	-
Debtors and other receivables	14,846	14,846	14,846	-	-
Term deposits	39,678	39,860	39,320	540	-
Community and related party loans	1,612	2,253	321	1,249	683
<b>TOTAL</b>	<b>65,811</b>	<b>66,634</b>	<b>64,162</b>	<b>1,789</b>	<b>683</b>

### (iv) Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	2018/19 \$'000				2017/18 \$'000			
	-100pbs		+100bps		-100pbs		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
<b>COUNCIL</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	(57)	-	57		(57)	-	56	-
Derivative financial instruments	213	-	(203)		252		(237)	
<b>Financial liabilities</b>								
Borrowings – secured loans	3,432	-	(3,433)		2,745	-	(2,746)	-
Derivative financial instruments	(8,100)	-	7,327		(7,748)	-	5,814	-
<b>TOTAL SENSITIVITY</b>	<b>(4,512)</b>	<b>-</b>	<b>3,748</b>		<b>(4,808)</b>	<b>-</b>	<b>2,887</b>	<b>-</b>
<b>GROUP</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	(57)	-	57		57	-		-
Derivative financial instruments	213	-	(203)		252		(237)	
<b>Financial liabilities</b>								
Borrowings – secured loans	3,432	-	(3,433)		2,745	-	(2,746)	-
Derivative financial instruments	(8,100)	-	7,327		(7,748)	-	5,814	-
<b>TOTAL SENSITIVITY</b>	<b>(4,512)</b>	<b>-</b>	<b>3,748</b>		<b>(4,808)</b>	<b>-</b>	<b>2,887</b>	<b>-</b>

### (v) Market risk

#### Interest rate risk

Interest rate risk is the risk that the Council may be affected by changes in the general level of interest rates. The Council is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts (derivative financial instruments).

Under interest rate swap contracts the Council agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Council to mitigate the risk of changing interest rates on debt held.

## Notes to the Financial Statements

The fair values of interest rate swaps are measured against the prevailing market conditions at balance date. The Council's interest rate swaps have been independently valued using Hedgebook software, which uses daily rate feeds of floating rate references such as BKBM (Bank Bill Market Rate) and BBSW (Bank Bill Swap Rate) from industry benchmark sources. The fair value of interest rate swaps are disclosed below.

The following table discloses the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Council and Group	Average contract fixed interest rate		Notional principal amount		Fair value	
	2018/19 %	2017/18 %	2018/19 %	2017/18 %	2018/19 %	2017/18 %
Outstanding fixed for floating						
Less than one year	4.86	4.46	18,000	20,000	(295)	(418)
1 to 5 years	4.25	4.41	55,000	76,000	(3,020)	(3,688)
Greater than 5 years	3.77	3.94	95,000	79,000	(11,398)	(2,924)
	<b>4.04</b>	<b>4.21</b>	<b>168,000</b>	<b>175,000</b>	<b>(14,713)</b>	<b>(7,030)</b>

The amounts disclosed are contractual undiscounted cash flows. The average interest rate is based on the outstanding balances at the start of the financial year.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from an instrument will vary due to fluctuations in interest rates. A balance is achieved through having variable terms that spreads the risk of fluctuating interest rates.

	COUNCIL AND GROUP	
	2018/19 Actual	2017/18 Actual
<b>DERIVATE FINANCIAL INSTRUMENTS</b>		
Non-current asset portion	761	619
Current liability portion	(295)	(418)
Non-current liability portion	(15,179)	(7,231)
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(14,713)</b>	<b>(7,030)</b>

### Foreign exchange and equity price risk

- Price risk: is the risk that fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments arising from market movements in listed securities.
- Currency risk: is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is exposed to currency risk on its investments as some are denominated in various foreign currencies.

Both price and currency risks are managed by diversifying the Council's investment portfolio in accordance with the Treasury Management Policy and advice from NPG.

The foreign exchange sensitivity is based on a reasonably possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate.

Council and Group	2018/19 \$'000				2017/18 \$'000			
	-100pbs		+100pbs		-100pbs		+100pbs	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
<b>PIF INVESTMENTS</b>								
Foreign exchange risk	2,135	-	(2,135)	-	1,717	-	(1,717)	-
Equity price risk	(16,135)	-	16,135	-	(15,737)	-	15,737	-
<b>TOTAL SENSITIVITY</b>	<b>(14,000)</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>(14,020)</b>	<b>-</b>	<b>14,020</b>	<b>-</b>

The PIF investments are fully edged in the base currency, mitigating the foreign exchange risk.

## Notes to the Financial Statements

### 19. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the results and assets and liabilities of Council and other entities in which Council has a controlling interest. Any related party disclosures also have been made for transactions with entities within the Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is it reasonable to expect Council and Group would have adopted in dealing with the party at arms-length in the same circumstances.

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc.). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2017/18: Nil).

Refer to note 3 for key management personnel disclosures.

### 20. CONTINGENT LIABILITIES AND ASSETS

#### Contingent liabilities

##### *Legal claim*

In January 2019 there was an unauthorised discharge from the Mangati pump station into the Mangati Stream. The Council's Incident Response Plan was implemented when the discharge was discovered and an investigation has since been conducted. Improvement actions were identified and progress towards completing them continues. The Taranaki Regional Council has commenced proceedings against the Council under the Resource Management Act 1991. As at 30 June 2019, there was insufficient information to conclude on potential liability, if any.

##### *Emissions Trading Scheme (ETS)*

The Council has 235.9ha (2017/18: 235.9ha) of pre-1990 forest land determined under the Climate Change Response Act 2002 (CCR). Under the ETS, the Council will incur financial penalties should the land be deforested as defined by CCR. At year end approximately 0.4ha (2017/18: 0.4ha) had been harvested but not yet replanted. There is a four year stand-down period allowed between harvest and replanting. The Council intends to replant and/or let that portion naturally regenerate and has not given notice of intention to deforest. The Council does not consider it has a contingent liability.

##### *Local Government Funding Agency (LGFA)*

The Council is a shareholder and guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from Standard and Poor's of AA+.

The Council is one of 31 Local Authority shareholders and 52 Local Authority guarantors of the LGFA. The aggregate amount of uncalled shareholder capital is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2019 LGFA had borrowings totalling \$9.5b (2017/18: \$8.3b).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that the Council is not aware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.



## ***RiskPool***

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members for the fund year. The Council has been asked to make calls in the past for fund years as a result of deficits incurred due to the leaky building issue.

A call for \$100k was made by the board of Civic Liability RiskPool during the year to 30 June 2019 (2017/18: Nil). The board have indicated that another final call is likely to be made in 2022 or 2023. It is expected that the amount of the call will be less than \$100k.

## ***Weathertightness claims***

Refer to note 14(a) for details on weathertightness claims.

There are no other known material contingent liabilities (2017/18: Nil).

## **Contingent assets**

There are no other known contingent assets (2017/18: Nil).

## **21. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

### ***Interests in other entities***

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Council plans to apply the new standards in preparing the 30 June 2020 financial statements.

The Council and Group have not yet assessed the effects of these new standards.

### ***Impairment of revalued assets***

The XRB have announced amendments to the scope of PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets to include asset measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets. As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model. However, where an impairment loss is recognised for an asset (or group of assets) that is revalued, an entity is not necessarily required to revalue the entire class of assets to which the impaired asset belongs. Additionally, the amendments also clarifies, that for revalued assets, impairment losses and reversals thereof are accounted for in the same way as revaluation decreases and increases. The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and Group have not yet assessed the effects of these new standards.

### ***2018 Omnibus amendments to PBE Standards***

The XRB have issued an omnibus of amendments to a number of PBE standards. The amendments are applicable for annual periods beginning on or after 1 January 2019, except for the amendments to PBE IPSAS 2, which are applicable for annual periods beginning on or after 1 January 2021. The changes most relevant to the Council and Group are:

- PBE IPSAS 2 Cash Flow Statements: the amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021.

## Notes to the Financial Statements

- PBE IPSAS 37 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that is a joint operation, then it does not premeasure previously held interest in that business.
- PBE IFRS 3 Business Combinations: the amendments clarify that when an entity obtains control of a business that is a joint operation, it premeasures previously held interests in that business.

### ***Employee benefits***

In May 2017, the XRB issued PBE IPSAS 39 Employee Benefits. PBE IPSAS 39 replaces PBE IPSAS 25 Employee Benefits. PBE IPSAS 39 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply this standard in preparing its 30 June 2020 financial statements. The Council and Group have not yet assessed the effects of the new standard

### ***Financial instruments***

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group have not yet assessed the effects of the new standard.

### ***Service performance reporting***

The New Zealand Accounting Standards Board (NZASB) has issued PBE FRS 48 Service Performance Reporting effective for periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and Group have not yet assessed the effects of the new standard.

# Funding Impact Statement

## NEW PLYMOUTH DISTRICT COUNCIL FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL for the year ended 30 June 2019

	Long-Term Plan 2017/18 (\$m)	Annual Report 2017/18 (\$m)	Long-Term Plan 2018/19 (\$m)	Actual 2018/19 (\$m)
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual charges, rates penalties	53.99	53.50	56.39	57.29
Targeted rates	30.54	31.15	33.51	33.04
Subsidies and grants for operating purposes	5.66	5.47	6.04	5.92
Fees and charges	26.66	31.99	26.62	31.57
Interest and dividends from investments	9.92	10.38	11.84	12.00
Local authorities fuel tax, fines, infringement fees, and other receipts	3.81	1.36	1.48	1.36
<b>Total operating funding (A)</b>	<b>130.58</b>	<b>133.85</b>	<b>135.88</b>	<b>141.18</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	98.18	100.33	102.63	114.16
Finance costs	7.17	5.41	7.65	5.87
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>105.34</b>	<b>105.74</b>	<b>110.28</b>	<b>120.03</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>25.24</b>	<b>28.11</b>	<b>25.60</b>	<b>21.15</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	4.73	6.63	6.04	6.70
Development and financial contributions	1.02	1.09	2.11	2.03
Increase/(decrease) in debt	11.82	8.18	33.78	25.00
Gross proceeds from sale of assets	0.21	-	1.47	0.29
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>17.78</b>	<b>15.91</b>	<b>43.40</b>	<b>34.01</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	6.17	4.56	6.00	2.41
- to improve the level of service	7.92	7.42	16.15	14.37
- to replace existing assets	29.49	33.57	39.11	28.50
(Increase)/decrease in reserves	(0.56)	(1.52)	7.74	9.88
(Increase)/decrease of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>43.02</b>	<b>44.02</b>	<b>69.00</b>	<b>55.16</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(25.24)</b>	<b>(28.11)</b>	<b>(25.60)</b>	<b>(21.15)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Other information to be provided

Clause 5(4), Local Government (Financial Reporting and Prudence) Regulations 2014

#### DEPRECIATION AND AMORTISATION EXPENSE

Depreciation expense	31.48	33.42	34.18	33.19
less deferred/unfunded	(13.01)	(14.60)	(14.92)	(13.75)
<b>Net funding transferred to renewals reserves</b>	<b>18.48</b>	<b>18.82</b>	<b>19.26</b>	<b>19.44</b>

# Disclosure Statement

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

## Rates affordability benchmark

The Council meets the rates affordability benchmark if:

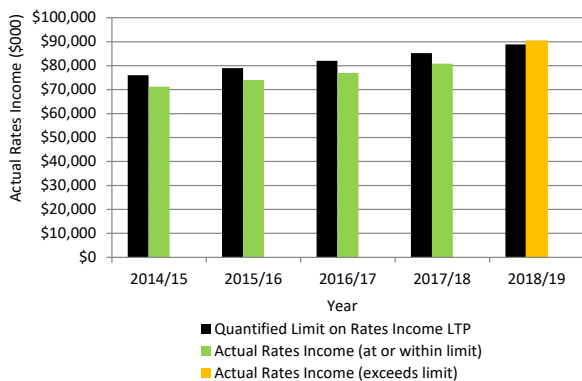
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

## Rates (income) affordability

The following graph compares the Council's actual rates income in actual dollars, compared to the quantified limit on rates contained in the Financial Strategy included in the Council's LTP 2018-2028. The quantified limit in dollar terms is set at the prior year rates income plus five per cent.

In the LTP 2018-2028, the Council resolved to exceed the 2018/19 rates limit to achieve outcomes proposed in the LTP.

### Rates (income) affordability

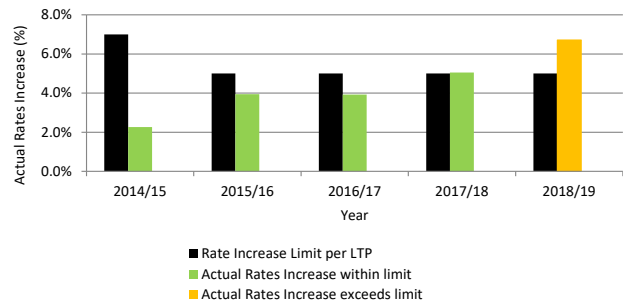


## Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in the Council's LTP 2018-2028. The quantified limit is set at the prior year rates income plus five per cent.

In the LTP 2018-2028, the Council resolved to exceed the 2018/19 rates limit to achieve outcomes proposed in the LTP.

### Rates (increases) affordability

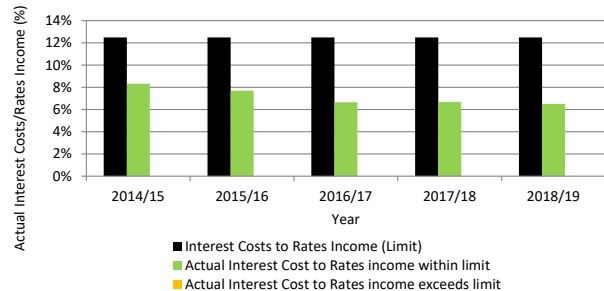


## Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP 2018-2028. The quantified limit is that interest costs on external debt should be less than 12.5 per cent of annual rates revenue.

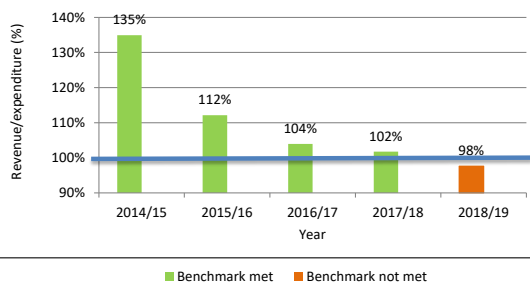
### Debt affordability



The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative instruments and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses. In 2018/19 the benchmark has not been met due to the introduction of the Waitara Lands Act requiring the cumulative recognition of the net income from Waitara Lease Lands to be distributed.

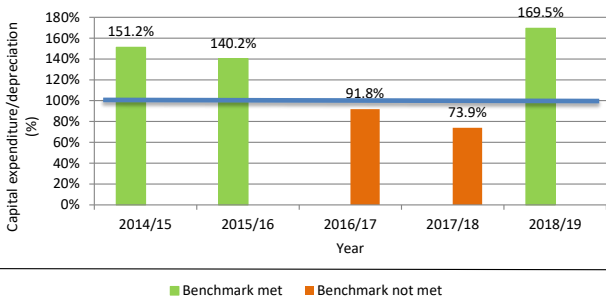
**Balanced Budget**



**Essential services benchmark**

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services is greater than depreciation on network services.

**Essential Services Benchmark**

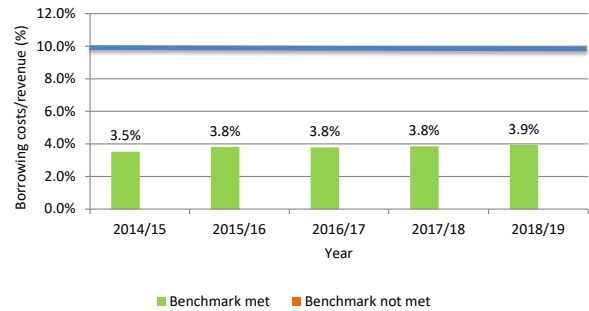


**Debt servicing benchmark**

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative instruments and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowings costs equal or are less than 10 per cent of its revenue.

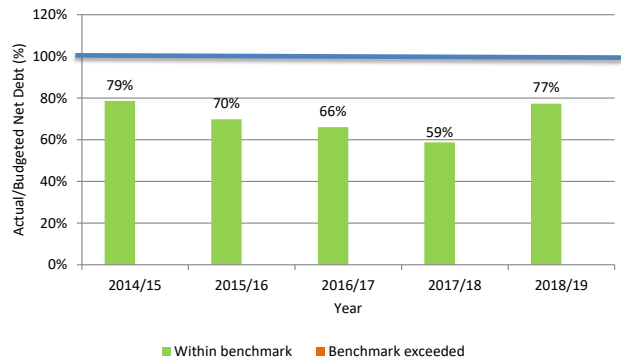
**Debt servicing benchmark**



**Debt control benchmark**

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

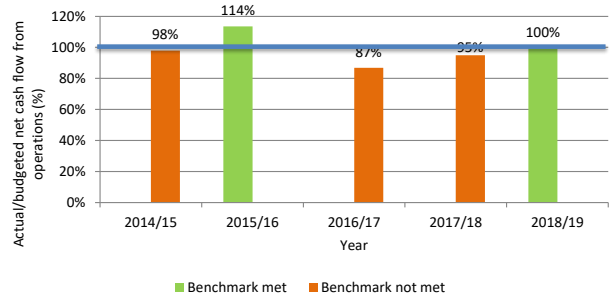
**Debt Control Benchmark**



**Operations control benchmark**

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. On the occasions where the benchmark was not met this was primarily due to fluctuations in investment income.

**Operations Control Benchmark**





# Council-controlled Organisations

The Council is a shareholder or has an ownership interest in the following Council-controlled organisations.

- Papa Rererangi i Puketapu Limited.
- Forestry.
- New Plymouth PIF Guardians Limited.
- Tasmanian Land Company Limited
- Venture Taranaki Trust.



# Papa Rererangi i Puketapu Limited

## SUMMARY OF 2018/19 STATEMENT OF INTENT

In July 2017, the Council established Papa Rererangi i Puketapu Ltd (PRIP) as a separate Council-controlled trading organisation (CCTO) to manage the full operations of New Plymouth Airport (the Airport) and to oversee a major redevelopment of the Airport's terminal and surrounding infrastructure. The Council still retains ownership of the Airport company, the Aerodrome Operator Certificate and is the sole Shareholder.

The organisation is classed as a semi-commercial investment within the Council's Investment Policy.

PRIP's prime purpose is to operate the Airport on a sustainable commercial basis, to optimise the use of its assets and generate a reasonable return on investment to ensure the ongoing safe and successful operation of the Airport, whilst facilitating tourism and trade by working with the airlines to increase passenger numbers and develop other commercial activity.

The Airport provides services to allow the safe and efficient facilitation of travellers and freight and, ancillary to this, it leases terminal space and land at the Airport.

In the management of the Airport operations, PRIP has the autonomy to set the following charges at the Airport:

- All fees and associated charges in respect to vehicle parking.
- All landing and parking charges from regular passenger transport services.
- All landing and parking charges from general aviation aircraft.
- All revenue from tenant's leases and rents, licences, concession-based contracts and lessees outgoings.

The Airport is viewed as an essential infrastructure asset for the district and the Taranaki region and has a key role to play in the economic performance, growth and development of the area. PRIP works collaboratively with the Council, Venture Taranaki Trust, Taranaki Chamber of Commerce and other key stakeholders ensuring a combined approach to achieve the region's desired strategic goals.

## PERFORMANCE RESULTS FOR 2018/19

Below are the key objectives and performance indicators derived from the 2018/19 Statement of Intent.

### **Maintain the Airport facilities to avoid any disruption of scheduled commercial flights other than for weather or airline problems.**

*Assessment: The existing Airport facilities have been well maintained throughout the year and there has been no diversion of regular passenger transport services resulting from Airport operations.*

### **Meet all operating, maintenance, capital expenditure and interest costs from Airport revenue.**

*Assessment: All operating costs associated with the day to day operations of the Airport have been met from Airport revenue. Loans have been made available from the Council to assist with capital expenditure, with repayments and interest also being fully serviced from Airport revenue.*

### **Manage New Plymouth Airport in full compliance with the approved operating procedures of the Civil Aviation Authority Rule Part 139.**

*Assessment: Under an agreement with the Civil Aviation Authority (CAA), PRIP manages the Airport on behalf of the Aerodrome Operator Certificate holder, New Plymouth District Council. During the year there has been no operational audit by the CAA, however, the Airport was successful in obtaining Safety Management accreditation following an extensive two day safety audit by the CAA in August 2018.*

### **Complete the Airport terminal redevelopment project and have the new building operational by the fourth quarter of 2019.**

*Assessment: The new terminal construction has seen good progress during the year with local contractors, Clelands, performing very well. At this stage, the project is on budget and programmed to be operational by late 2019.*



## SIGNIFICANT POLICIES AND OBJECTIVES ON OWNERSHIP AND CONTROL

PRIP operates as a standalone company governed by an independent skills-based board of four directors, including a Chairperson, and employs its own Chief Executive and staff. All Airport operations and assets are managed by the PRIP Chief Executive who has overall responsibility for implementing the company's strategic direction and reports to the company's board of directors. In addition to the appointed board of directors, the Shareholder may nominate an advisor who will attend Board meetings as an observer. This is currently the Council's Chief Operating Officer who ensures strong communication and alignment between the Council and PRIP.

## FINANCIAL PLAN

	Actual 2018/19 (\$m)	Budget 2018/19 (\$m)	Projected 2019/20 (\$m)	Projected 2020/21 (\$m)
Operating revenue	4,972	5,202	5,693	6,188
Operating expenditure	5,059	4,597	5,167	5,370
<b>Net profit/(loss)</b>	<b>(87)</b>	<b>605</b>	<b>526</b>	<b>818</b>

# Forestry

## SUMMARY OF 2018/19 STATEMENT OF INTENT

The Council has two joint venture forestry developments that have varying levels of Council ownership (55 to 57 per cent) and are therefore deemed to be Council-controlled organisations (CCOs). For convenience they are covered by one combined statement of intent. The woodlots will complement the harvest regime of the Council's own forestry investment activities.

Forest plantations have been established under the following agreements:

- McKay Family Joint Venture (56.5 per cent) - 83.5ha.
- Duthie Joint Venture (54.82 per cent) - 22.7ha.

A third joint venture, Tarata Ngatimaru Pukehou Joint Venture (60 per cent), ceased on 31 October 2018 at the completion of the harvesting of the forestry assets.

During the year, a total of 106.2ha of forests (including Tarata Ngatimaru Pukehou) were managed under joint venture agreements in which the landowner provides land and property related inputs. The Council provides management and tending programmes for the crop, and both parties share the returns from the forest harvest on an agreed ratio of respective inputs.

The Council's longer term objective for these investments is to review its involvement after each joint venture is harvested.

## PERFORMANCE RESULTS FOR 2018/19

**Complete all programmes outlined in the Forest Management Plans and Agreements.**

*Assessment: All programmes outlined in the Forest Management Plan for 2018/19 have been completed.*

**Report annually in compliance with agreements.**

*Assessment: The joint venture forests have been inspected by PF Olsen Limited with reports sent to the owners annually.*

## SIGNIFICANT POLICIES AND OBJECTIVES ON OWNERSHIP AND CONTROL

These joint ventures were originally set up to augment the harvest rotation for Council-owned forestry. The Council will retain the joint ventures to harvest and then review its future position. There are no formal board structures.

## FINANCIAL PLAN

	Actual 2018/19 (\$m)	Budget 2018/19 (\$m)	Projected 2019/20 (\$m)	Projected 2020/21 (\$m)
Operating expenditure (NPDC funded)	13	15	15	15

# New Plymouth PIF Guardians Limited

## NATURE AND SCOPE OF ACTIVITIES

New Plymouth PIF Guardians Limited (NPG) is a 100 per cent Council-owned Company with an independent board of directors. NPG was formally Taranaki Investment Management Limited and changed its name during 2017 when the Council resolved to change the organisational architecture for the management of the perpetual investment fund (PIF) and move to a full outsourced model. The board of NPG appointed Mercer New Zealand (Mercer) to manage the PIF.

## PERFORMANCE RESULTS FOR 2018/19

**Financial Performance:** NPG is operated on a full cost recovery basis and is therefore budgeted to operate at a nil net cost.

*Assessment.* Net profit for the year was nil. The sum below reflects its expected management costs, which are charged to the Council.

	Actual 2018/19 (\$m)	Budget 2018/19 (\$m)	Projected 2019/20 (\$m)	Projected 2020/21 (\$m)
Operating revenue/expenditure	250	400	345	350
<b>Net profit</b>	-	-	-	-

**Benchmarks for PIF Performance:** Release payment target of \$8.5m and \$284.3m closing fund balance.

*Assessment.* Release payment of \$8.6m and \$295.4m and closing fund balance.

**Total Portfolio Return Target:** A prime focus for the Council is to ensure that returns from the PIF are at a level that meets its objectives for the fund. The total return of the portfolio (net of all costs) measured on a rolling five-year basis is currently a target of 3.3 per cent plus NZ inflation (as measured by the Consumer Price Index).

*Assessment:* Actual return net of costs of 6.2% (for the Mercer managed funds excluding the legacy Australian interests) for the 12 month period to 30 June 2019 which is 1.2% above the target.

**Market Comparison:** The portfolio has two distinct categories of assets:

(i) **Listed securities (equities/fixed income/cash):** The return on this proportion of the portfolio is targeted to be 0.75% per annum above the weighted average benchmark. NPG will measure and report on these securities quarterly, annually and on a rolling five year basis.

*Assessment:* The total return on Listed Securities for the 12 month period to 30 June 2019 was 6.5%, which was 0.82% above the benchmark.

(ii) **Unlisted Securities (private equity/alternative assets):** These assets are illiquid, are largely not traded on markets and are valued infrequently. Therefore performance cannot be compared to benchmark returns on a short term basis. NPG will report on the performance of these securities annually.

*Assessment:* The return for the 12 month period to 30 June 2019 from private equity and alternative assets was 5.5%.

**Reporting:** Provide a quarterly report to the shareholder covering activities undertaken by the Company, and the performance of and significant issues relating to the Perpetual Investment Fund. The report will provide the information outlined in the Governance Deed (GD).

*Assessment:* Quarterly reports have been provided throughout the year with information provided as per the GD.

**Timely response:** Provide investment advice within one month to the shareholder on any significant developments that may have an impact on either the income stream to the Council or the value of the Council's PIF.

*Assessment:* Information has been provided by the directors in a timely manner throughout the year. Mercer provided monthly reports to the shareholder during the year. No investment advice was required during the 12 months due to there being no significant events that have impacted the Council's PIF value or income stream.

## SIGNIFICANT POLICIES AND OBLIGATIONS ON OWNERSHIP AND CONTROL

The performance of Mercer is monitored and reviewed by NPG, a Council-Controlled organisation with a board of highly experienced directors.

# Tasmanian Land Company Limited

## NATURE AND SCOPE OF ACTIVITIES

New Plymouth District Council is a 100 per cent shareholder in Tasmanian Land Company Limited (TLC). TLC owned 100 per cent of Tasman Farms Limited (TFL) and its subsidiary The Van Diemen's Land Company (VDL).

## PERFORMANCE RESULTS FOR 2018/19

The business operations of TLC were sold on 31 March 2016. As at 30 June 2019, TLC remained a Council-controlled organisation. On 21 June 2018, TFL was placed into members' voluntary liquidation. The \$2.0 million balance remaining with TLC and will be transferred to Mercer in the future, once all the companies in the group have been wound up.

## SIGNIFICANT POLICIES AND OBLIGATIONS ON OWNERSHIP AND CONTROL

This investment forms part of the Council's Investment Policy.

## SUMMARY OF 2018/19 STATEMENT OF INTENT

Venture Taranaki Trust (Venture Taranaki) is a Council-controlled organisation whose Board of Trustees is appointed by the Council. Venture Taranaki is the economic development agency for the Council, responsible for delivering the Council's active economic development initiatives as set out in its statement of intent. Its vision is: "Taranaki – the envy of New Zealand for sustainable business, talent, investment and lifestyle".

Venture Taranaki also has a multi-level mission, of:

*"To drive and facilitate sustainable, diverse economic growth in Taranaki, positioning the region as the place to do business, to invest, to live, to work, to learn, and to visit."*

*"To be recognised as New Zealand's leading experts in regional economic development."*

## PERFORMANCE RESULTS FOR 2018/19

Venture Taranaki has had a very successful year, as seen in the following results against the 2018/19 performance measures:

- **Maintain a regional economic intelligence unit and publish bi-annually Taranaki Trends and Business survey.**  
*Achieved. Two editions of Taranaki Trends published and two Business Surveys undertaken. Visitor sector and retail sector statistics released.*
- **Undertake one Team Taranaki submission on key regional issue.**  
*Achieved. Proposal for Tapuae Roa turbo-charged funding support submitted with formal support of regional stakeholders.*
- **Maintain connections across [www.taranaki.info](http://www.taranaki.info) and social media channels.**  
*Achieved. Total social media audience across Facebook, Twitter and Instagram channels increased 12.5% to 77,955 during the year.*
- **Facilitate \$1,000,000 investment into regional businesses subject to central government policy.**  
*Achieved. \$2,318,933 of research and development and innovation funding facilitated into Taranaki business (across 31 transactions).*
- **Achieve >85 per cent client satisfaction in regard to business support services.**  
*Achieved. 90.7 per cent satisfied or very satisfied with Venture Taranaki services.*
- **Support three key projects with high impact potential aligned with the regional growth agenda.**  
*Achieved. Led Energy Futures – New Energy Development Centre business case and feasibility study; Led Taranaki 2050 Roadmap development; Led feasibility study for Taranaki Future Food Centre and investigations of Major Regional Food Opportunities.*
- **Invest \$250,000 in management capability building for Taranaki's SME's (small-to-medium enterprises) subject to central government policy.**  
*Achieved. \$347,473.85 of capability development funding invested across 206 enterprise development opportunities.*
- **Attract or retain four major events meeting New Plymouth District Council criteria (>100 points) based on \$700k event fund.**  
*Achieved. 12 events (meeting NPDC criteria) attracted or retained - AmeriCARna 2019; BDO Around the Mountain Cycle Challenge 2020; Concert at the TSB Bowl of Brooklands (Ben Harper and The Innocent Criminals); ITU New Plymouth Sprint Triathlon World Cup 2019; New Zealand Breakers v. Cairns Taipans, ANBL home game; New Zealand Sprint Distance Championships 2020; New Zealand Tattoo & Art Festival 2019; Taranaki Garden Festival 2019; Taranaki Steelformers Around the Mountain Relay 2019; Toto and Dragon – A Summer's Day Concert at the TSB Bowl of Brooklands; Winter Fest 2019; WOMAD 2019.*

## Venture Taranaki Trust

- **Produce and distribute a minimum of six pieces of regional collateral to inspire the communities of Taranaki, visiting conferences, events and leisure travelers to explore and enjoy the many aspects of the region.**

*Achieved. More than six pieces were produced and distributed including; A Walker's Guide; Museums and Galleries; Parks and Gardens; Surf Highway 45; Forgotten World Highway 43; Taranaki - An Insider's Guide, Taranaki Conference Toolkit.*

- **Support/attract a minimum of five conferences/events through either: assisting with bids; undertaking initiatives to maximise attendance or encouraging attendees to explore Taranaki.**

*Achieved. Over 40 Meetings, Incentives, Conferences and Events were supported over the year including: Tourism Export Council NZ AGM and National Conference, Heritage Hotels National Sales Conference; Chiropractors Association Conference; i-Site Conference confirmed for September 2019 and NZ Amateur Radio Control Car Club Conference.*

## SIGNIFICANT POLICIES AND OBJECTIVES ON OWNERSHIP AND CONTROL

The Council controls the Venture Taranaki Trust by appointing its trustees. This is to ensure the necessary independence, public credibility and specialised governance that the Trust needs in order to be effective in delivering economic development programmes, while retaining accountability to the district's community.

## FINANCIAL PLAN

	Actual 2018/19 (\$m)	Budget 2018/19 (\$m)	Projected 2019/20 (\$m)	Projected 2020/21 (\$m)
Operating expenditure (NPDC funded)	3,342	2,911	2,969	3,034

## Independent Auditor's Report

### To the readers of New Plymouth District Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of New Plymouth District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 10 October 2019. This is the date on which we give our report.

#### **Unmodified opinion on the audited information, excluding the Council Services statement**

In our opinion:

- the financial statements on pages 68 to 120:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2019;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 121, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the statement about capital expenditure for each group of activities on pages 20 to 65, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long term plan; and
- the funding impact statement for each group of activities on pages 20 to 65, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan.

#### **Qualified opinion on the Council Services statement – incomplete information about the number of complaints for some services**

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints (per 1,000 connections) received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the District Council's response to any of these issues.
- sewage odour, sewerage system faults or blockages, and the District Council's response to issues with the sewerage system.
- the performance of the stormwater system.

These measures are important because the number of complaints are indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the District Council has not been counting complaints in accordance with this guidance and that the Council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2018.

## Auditor's Report

Complete records for all complaints made to the Council were not available and we were unable to determine whether the Council's reported results for these performance measures were materially correct. As a result, our work was limited and there were no practical audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures.

In our opinion, except for the possible effects of the matter described above, the Council Services statement on pages 18 to 64:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand

### Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 122 to 123, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long term plan and annual plans.

### Basis for our qualified opinion

We carried out our audit 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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

### Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.



We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council Services statement, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 17, 66, and 124 to 132 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed. Other than this engagement, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

Debbie Perera  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand



# Statement of Compliance and Responsibility

**The Council and management of New Plymouth District Council confirm that all statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.**

## RESPONSIBILITY

The Council and management of New Plymouth District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Council and management of New Plymouth District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and the management of New Plymouth District Council, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position, operations and service performance of New Plymouth District Council.



Neil Holdom  
Mayor



Craig Stevenson  
Chief Executive







Contact NPDC

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More information:

[newplymouthnz.com](http://newplymouthnz.com)  [NewPlymouthDistrictCouncil](https://www.facebook.com/NewPlymouthDistrictCouncil)  [@NPDCouncil](https://twitter.com/NPDCouncil)