

shaping
Our future
TOGETHER
NEW PLYMOUTH DISTRICT



ANNUAL REPORT 2015/16
SUMMARY



Te Kaunihera-ā-Rohe o Ngāmotu
NEW PLYMOUTH DISTRICT COUNCIL
newplymouthnz.com





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This Annual Report Summary is the year end snapshot of the Council's and Group activities and finances for the financial year ended 30 June 2016. The information it contains is taken from the Annual Report 2015/16 itself which was adopted on 7 October 2016. The Annual Report 2015/16 provides detailed information on the Council's service and financial performance, as well as its financial health at year end.

The full financial statements, Group financial statements and non financial performance information have been prepared in accordance with the requirements of Section 98 of the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practice (NZ GAAP). New Plymouth District Council and Group's full financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The summary financial statement fully complies with the PBE FRS 43 accounting standard.

New Plymouth District Council (NPDC) is a territorial local authority governed by the Local Government Act 2002 and domiciled in New Zealand. The financial statements have been prepared on a historical cost basis modified by revaluation of certain assets and liabilities. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest thousand dollars.

Both the functional and presentation currency of NPDC Group is New Zealand dollars. The Australian subsidiaries' functional currency is in Australian dollars (AU\$) which is translated into presentation currency.

This summary report cannot be expected to provide as complete an understanding as provided by the Annual Report of the full financial statements and non financial performance of the Council. Both this summary and the full Annual Report can be viewed on the Council's website, www.newplymouthnz.com.

This summary has been examined by the Council's independent auditors to ensure consistency with the full Annual Report for 2015/16. The Council received an 'unmodified' opinion on both documents.

From the Mayor and Chief Executive



Change, big decisions and laying the foundations for a bright future were the key themes of the 12 months.

We certainly 'got off to a flyer' with the opening of the combined Govett-Brewster Art Gallery/Len Lye Centre. Many years in the making, this spectacular home of contemporary art and the visionary works of Len Lye has already become a regional icon. We are extremely grateful for the work of those who imagined this project and the incredible fundraising efforts that transformed a dream into a reality.

Equally as significant, the beginning of the 2015/16 year saw work begin in earnest delivering on the District Blueprint, the spatial plan that will guide future decisions and how the Council plans and delivers its services to the community over the next 30 years. The Blueprint's eight key directions provide a clear signal to other agencies, businesses, industry and the community on how we will focus our resources and deliver on our community outcomes.

The remainder of the 2015/16 year was packed with activity – some of which you'll find listed below – culminating in a year-end \$18.3 million surplus, thanks largely to a strong performance from the Perpetual Investment Fund.

Andrew Judd
New Plymouth District Mayor

Barbara McKerrow
Chief Executive

The year at a glance

July 2015

- The Council's new staff leadership structure is announced.*
- Nine long-serving members of the community receive Citizens' Awards, including a posthumous award for volunteer fire service member and Council employee Ron Millman.*
- The All Blacks announce they'll face Argentina at Yarrow Stadium, New Plymouth in 2017.*
- The combined Govett-Brewster Art Gallery/Len Lye Centre opens its doors to the public.*
- NPDC discusses possible New Plymouth flights with Jetstar.*

August 2015

- Yarrow Stadium hosts rugby and football in quick succession as the Port Taranaki Bulls match against Wellington is followed by the Wellington Phoenix versus New Zealand A.*
- The Council moves to clarify regulations around the use of drone aircraft in public spaces.*

September 2015

- Jetstar confirms it will start New Plymouth flights to and from Auckland in February 2016.*
- Delivery of new rubbish bags begins ahead of new recycling kerbside collection service starting in October.*
- TSB Bank announces it will continue to sponsor the Council's Festival of Lights for another three years.*

October 2015

- Animal control officers and parking wardens begin trialling body-worn cameras.*
- The Council decides how to use the 2014/15 operational cash surplus, including \$377,000 for storm damage repairs, \$450,000 for the disaster recovery fund and \$200,000 for preventative maintenance across the roading network.*
- The district's new kerbside rubbish and recycling collection service gets under way.*
- The Council agrees to trial free Saturday parking from 7 November 2015 to 16 January 2016 in New Plymouth's CBD.*

November 2015

- Recycling doubles and waste to landfill halves after only six weeks of the new kerbside rubbish and recycling collection.*
- The trial of free Saturday parking in New Plymouth's CBD gets under way.*
- The Council enters into a binding agreement for the sale of Tasman Farms.*
- A surplus Council building is relocated to New Plymouth Airport where it will later become the terminal for Jetstar.*

December 2015

Welbourn Primary becomes the tenth district school to have a 40km/h variable speed limit for road users.

The 'What Are You Missing?' summer road safety campaign is launched.

A new family of signs and rubbish bins are installed at Pukekura Park.

The TSB Bank Festival of Lights kicks off on Boxing Day.

January 2016

Puke Ariki's mobile library service visits holiday hot spots including Urenui Holiday Park and Oakura Beach.

An investigation of earthquake risk in central New Plymouth begins with the drilling of boreholes to gain a better understanding of the soil structure.

New Zealand Transport Agency confirms funding for bypasses of Mount Messenger and the Awakino Tunnel.

The PayMyPark smartphone app is launched, enabling cashless parking in New Plymouth's CBD.

February 2016

Jetstar commences New Plymouth flights to and from Auckland.

A 12-week project to improve public safety on lower Carrington Street, New Plymouth begins.

The Civic Centre flies the alternative New Zealand flag alongside the existing one, ahead of March's flag referendum.

An electrical fault at the Waitara pumping station results in some wastewater being discharged more than 1km out to sea.

Dry weather sees water restrictions introduced across the district, and then heavy rain sees them lifted on the last day of the month.

The Council's sale of Tasman Farms to Moon Lake Investments is approved by Australia's Foreign Investment Review Board.

March 2016

The Council elects to consult on three key proposals for its 2016/17 Annual Plan.

A review of the Council-controlled organisation Venture Taranaki Trust finds it is making a positive difference and there are opportunities to improve the strategic framework within which it operates.

New legislation comes into force for all businesses selling food.

Heavy rain causes surface flooding in the district, mostly in New Plymouth city.

April 2016

Pukekura Park is confirmed as a Garden of National Significance for a further three years.

Public consultation begins on the Annual Plan 2016/17.

Public consultation begins on a proposed Local Bill concerning the Waitara endowment lands.

May 2016

Phase two of major upgrades to the New Plymouth Wastewater Treatment Plant begins.

The Todd Energy Aquatic Centre holds its inaugural Pooches' Party, for dogs and their owners.

The Council receives a record number of public submissions - 1,389 - to an annual plan.

The Shaping Our City programme to refresh and revitalise New Plymouth's CBD gets under way.

June 2016

It is announced that Wellington Phoenix and Western Sydney Wanderers will take part in Yarrow Stadium's first ever A-League football match, in February 2017.

Remote-controlled Spider mowers are introduced in parks and reserves for gradients more than 30 degrees.

The new kerbside rubbish and recycling services receives a big tick of approval in the Council's annual customer satisfaction survey.

Greater support for leaseholders is among amendments made to the local Bill concerning the Waitara endowment lands.

The Council purchases Te Kohia Pa, where the first shots were fired in the First Taranaki War in 1840.

The cricket pitch at Pukekura Park is named the country's best at National Turf Conference Awards.

What we stand for



In preparing its Long-Term Plan 2015-2025 the Council adopted a new strategic framework to guide decision making, planning and development of strategy and policy. The framework consists of the Shaping Our Future Together (SOFT) vision, outcomes and principles and the Blueprint.

The Blueprint supports the implementation of the SOFT vision and will help guide Council decision

making to deliver more integrated social, economic and environmental community outcomes. The Blueprint contains eight key directions that will be the Council's focus for planning during the next 30 years. The eight key directions provide a clear signal to other agencies, businesses, industries and the community on how the Council will focus its resources and deliver on the community outcomes.

Outcomes: What the vision means for the future

<p>OUR ECONOMY</p> <p>A STRONG AND RESILIENT ECONOMY</p> <ul style="list-style-type: none"> Sustainable management of economic resources Innovation and creativity Industry diversification 	<p>OUR ENVIRONMENT</p> <p>A CLEAN, GREEN, LIVEABLE ENVIRONMENT</p> <ul style="list-style-type: none"> Sustainable management and protection of natural resources Liveable environments Forward planning for future challenges 	<p>OUR COMMUNITY</p> <p>AN INCLUSIVE AND CONNECTED COMMUNITY</p> <ul style="list-style-type: none"> Foster pride and collective sense of identity Celebrate vibrant Taranaki lifestyle Strong, resilient and safe communities that value diversity
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FOUR KEY PRINCIPLES FOR HOW THE COUNCIL WILL WORK:
 Stewardship of Resources - Valuing Te Ao Māori -
 Facilitation, Collaboration and Partnership - Open and Honest Engagement



The framework highlights the Council’s commitment to providing opportunities for Māori to contribute to decision-making processes. One of the key principles “Valuing Te Ao Māori” guides the Council to value the Māori world view during Council decision-making processes.

The Council engages with Māori throughout all of its day to day operations, but also has a number of commitments

at a strategic level to support the development of Māori capacity to participate more fully and effectively in the decision-making processes of the Council. However, the Council acknowledges that there are ways in which the Council can improve its relationships with Māori to enable more effective participation in Council operations and processes.

Blueprint Key Directions



Champion a thriving central city for all

New Plymouth CBD is the commercial hub of the region. However, job growth has been focussed in our northern industrial areas rather than the CBD. Providing a thriving CBD will increase retail experiences and grow small business opportunities.



Strengthen and connect local communities

Strengthening and connecting local communities ensures that they become successful, safe and liveable environments for residents. Providing high-quality infrastructure within local communities helps to support business and industry initiatives.



Enhance the natural environment with biodiversity links and clean waterways

The district has a unique natural environment with significant areas of indigenous vegetation, and rivers and waterways that flow from the mountain to the sea. Enhancing biodiversity and collaborating with landowners will help achieve biodiversity outcomes.



Strengthen and manage rural economy, industry, the port and the airport

New economies are the basis for a more resilient economy, and to do this we need to attract and retain businesses and talented workers.



Enable engaged and resilient citizens

Engaging and enabling citizens helps build community resilience. Providing events in our parks and open spaces and building strong strategic partnerships with the community enables community connectedness and leads to more sustainable social, economic and environmental outcomes.



Become a world-class destination

A world-class destination, using both our natural and man-made attractions, will create employment and tourism opportunities as well as acting as a lightning rod for attracting new businesses and talent to New Plymouth.



Direct a cohesive growth strategy that strengthens the city and townships

New growth areas are required to respond to growing population trends within the district. Identifying where these growth areas are and ensuring there is adequate land supply and network infrastructure available is essential in planning for these areas.



Grow and diversify new economies that attract and retain entrepreneurs, talented workers and visitors

This key direction supports our existing strengths as an economy. This includes the provision of appropriate infrastructure and ensuring our regulatory frameworks support businesses.



This is New Plymouth District

Spanning an area of 2,324km²
Home to 74,184 people
Population growth of 7.7% since 2006

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We support:

95 dogs being re-homed every year

We collect:

5,000 tonnes of recycling and
8,500 tonnes of refuse at the
kerbside each year



We operate:

- 4 multi-purpose recreation, sport and entertainment venues
- 6 libraries and a mobile library bus service that service 54,850 library members
- 1 art gallery
- 10 cemeteries and 1 regional crematorium
- 5 transfer stations and 1 regional landfill
- 20 water reservoirs with a total capacity of 63,000m³
- 4 water treatment plants
- 34 pump stations and 704km of sewers servicing more than 25,200 properties

We maintain:

- 1,111km of sealed roads
- 168km of unsealed roads
- 532km of footpaths
- 82km of walkways, including 12.7km of coastal walkway
- 36 neighbourhood reserves
- 1,525 hectares of park and reserve land
- 11 urban halls

We provide:

- 49 playgrounds
- 24 sports parks
- 9 skate park sites
- 5 swimming pools
- 6 camping grounds
- 54 public toilets
- 35.4 litres of drinking water a day

The Council organises its services into 16 activities: Parks, Roads and Footpaths, Stormwater Drainage, Flood Protection and Control Works, Solid Waste and Kerbside Collection, Water Supply, Wastewater Treatment, Emergency Management and Business Continuance, Community Partnerships, Govett-Brewster Art Gallery, Puke Ariki and District Libraries, Recreation and Events, Regulatory Services, Economic Development, Civic and Democracy Services, Management of Investments and Funding.

The information in this section summarises the achievements and performance of each activity.

Parks

- 98% of the community were satisfied with access to open spaces and the natural environment.
- 80% of the community were satisfied with the quality of the district's public toilets.
- Satisfaction targets were not achieved for two out of five targets. However, there was a good level of satisfaction with the quality of the district's parks, reserves and open spaces. This included 97% satisfaction with the quality of Brooklands Zoo.
- Provision of support to the Venues and Events Team for additional projects including cricket, soccer, and rugby league changeovers.
- Volunteer hours totalled 6,150 but were lower than targeted (10,000 hours) due to public planting days not occurring during 2015/16.
- Service provision was continued over a long summer with an extended growing season.
- The significant historical site, Te Kohia Pa, was purchased.

Roads

- On 19 and 20 June 2015 a significant flooding event occurred causing damage that resulted in a cost of approximately \$2.8m. Inspection, design, consultation, consenting and construction of the flood damage repairs were completed before 30 June 2016 to ensure maximum funding assistance was obtained.
- 85% of the community were satisfied with the ability to drive around the district quickly, easily and safely, 83% community satisfaction with quality of district roads and 85% of cycle paths are safe for users.
- The sealed local roading network is smooth to travel on and is appropriately maintained.
- The quality of the footpath network is considered safe for users.
- There were 19 fatalities and serious injury crashes on the local roading network. The factors contributing to these crashes are outside of the control of the local authority.
- Although not all major projects were completed on time and within budget, a significant amount of the annual work was achieved. There was a lower spend on rehabilitation, festive lighting renewals and dust coat seals, this was due to the additional budget requirements for flood and storm damage rectification.
- Junction Road works were funded from reserves resulting in no additional rates impact.

Stormwater

- 91% of the community were satisfied with the stormwater service provided by the Council.
- Compliance was achieved with all resource consents for discharges from the stormwater system.
- Major projects, including the Waitara stormwater project, were completed on time and within budget.
- Catchment Management Plans for new Plymouth Central and Waitara West are currently being developed and will provide updated flood hazard information to better manage stormwater in these catchments.
- The target (zero) for the protection of habitable floor levels from one per cent storm event was not achieved due to one event on 17 March 2016 resulting in two floors being flooded. The Council is currently investigating options for addressing these flooding issues.

Flood Protection and Control Works

- All flood protection works were maintained, repaired or renewed in accordance with the Asset Management Plan and annual works programme.
- 95% of the community were satisfied with the flood protection service.

Solid Waste and Kerbside Collection

- 50% reduction in kerbside residual waste disposal due to the implementation of the new kerbside collection service in October 2015 and the commissioning of the new Materials Recovery Facility to sort recyclables for sale.
- There were 20 customer notifications of missed collections per 1,000 serviced properties, most were during the initial roll-out of the new collection service.
- 89% of the community were satisfied with the collection and management of solid waste.
- 98% increase in the recycling of household waste since 2010/11 and a 49% decrease in household waste to landfill since 2014/15.
- There was one abatement notice and one infringement notice received regarding non-compliance with the Colson Road Landfill Management Plan. As a result, the Council are building a gas and odour treatment facility at the landfill.
- Completion of major projects on time and within budget were achieved with the exception of the commencement, but non-completion of the Public Good Area project.

Water Supply

- Preparation of water master plan to consider options to meet future water demand.
- Water restrictions were imposed during summer and autumn due to low rainfall resulting in high water demand and low flows in the Mangatete Stream (the source of the Okato water supply).
- Although full compliance with the NZ drinking water standards was not achieved, the non-compliance was technical in nature and did not affect the safety of the water for drinking.
- Maintenance and customer requests were responded to within target response times. The one target which was not achieved was regarding non-urgent call outs with a 25 hours median response time compared to a target of 24 hours.
- 92% of the community were satisfied with the water service.
- Although the target for water consumption of 315 litres per resident per day was not achieved (actual 329 litres), the Council met its resource consent conditions with no abatement or other notices received.
- Completion of major projects on time and within budget were achieved, with the exception of the Oakura trunk main delay, due to easement negotiations.

Wastewater Treatment

- Stage two of Wai Taatari has commenced. This involves improvements to the processing of sludge at the New Plymouth Wastewater Treatment Plant.
- Three unauthorised discharges occurred within two months in the Waitara sewerage system. A review of the system was undertaken and it was concluded that the incidents were isolated and unrelated. The investigation also confirmed that there were no systematic or underlying issues that contributed to the incidents. Although unfortunate, these incidents provided opportunities for improvement to operations and systems.
- Maintenance and customer requests were responded to within target response times.
- 93% of the community were satisfied with the wastewater service.
- The target of one complaint per 1,000 connected customers about sewerage odour was not achieved (actual 1.1 complaints). Complaints were regarding odour from the Mangati Pump Station, a private pump station and reticulation blockages.
- There was one abatement notice received regarding a leak in the Waitara to New Plymouth pipeline, and one infringement notice received regarding the Waitara Outfall Pump Station.
- Major projects were completed within budget but some projects were not completed on time including the delaying of the Waitara milliscreens which is now underway, and Area Q projects which are delayed due to easements negotiations.

Emergency Management and Business Continuance

- No significant challenges occurred during the year.
- Emergency processes and plans are up to date.
- The availability of trained fire crews and equipment and the response times for rural fires were achieved.

Community Partnerships

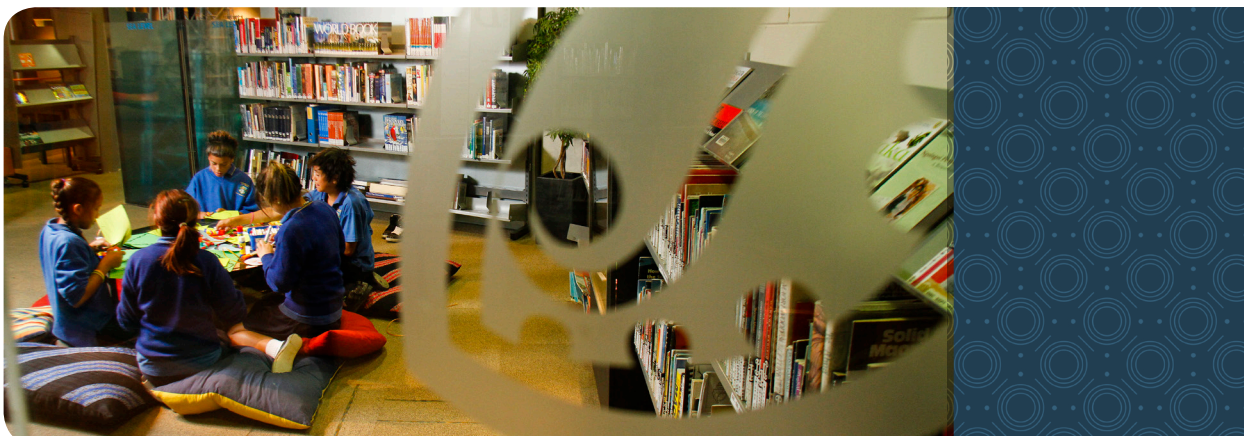
- A new operating model has been implemented to accommodate the reduction in operational funding from 2016/17 as adopted as part of the Long Term Plan 2015-2025.
- Although the target of 80% for partner satisfaction with advice and involvement in community initiatives was not achieved (actual 57%), the target of 92% for community satisfaction with Council assistance and support to community groups was achieved (actual 93%).
- 98% tenant satisfaction with the housing for the elderly service.

Govett-Brewster Art Gallery

- Govett-Brewster Art Gallery/Len Lye Centre (GBAG/LLC) opened on time and within budget.
- Three exhibition suites were held with six exhibitions on-site and one off-site in the Old Bank.
- Four Len Lye exhibitions and three film projections series were held.
- 141,922 visitors to GBAG/LLC since opening day of 25 July 2015.
- The target of 91% for community satisfaction with the service was not achieved (actual 69%).
- 100% of surveyed teachers bringing school groups to the gallery were satisfied with the school experience.

Puke Ariki and District Libraries

- 85,015 customers visited the i-SITE Visitor Information Centre and 99% of those customers were satisfied with the service.
- Although the target of 95% for customer satisfaction with the library collections was not achieved the level of satisfaction was high at 94%.
- 1,849 programmed learning opportunities were held, including 1,260 facilitated school education programmes and 486 exhibition related events with 38,930 recorded attendees.
- 28,011 students attended Puke Ariki programmes.
- The Long Term Gallery refreshment continues with two new major elements completed (Mounga Taranaki and Whakairo rakau) and two others well advanced.
- Digitisation of the Swainson/Woods collection is complete.



Our services at a glance



Recreation and Events

- Provided a diverse range of events at Yarrow Stadium with a drop in wicket for 20/20 cricket, hosting the first NRL game with Vodafone Warriors and a Wellington Phoenix vs NZ-A football match.
- 413,404 people used the district's community pools and community satisfaction with swimming facilities and staff service was 95%.
- 95% of the community were satisfied with events and 97% of the community were satisfied with event venues.
- 345,343 people attended 1,041 events across all venues.
- Feasibility design undertaken for TSB Stadium and TSB Showplace renewal project but works programme behind schedule.

Regulatory Services

- Continued growth in the number of new houses within building consents. Value is up on average 10.3% per annum and new houses are up 29% per annum over the last two years.
- Although the target of 95% of known dogs registered was not achieved (actual 94%), there was 92% community satisfaction with animal control.
- The average rate of occupation of CBD paid parking spaces was 50.6% (target 85%). This was due to the exclusion of several off-street carparks due to unclear occupancy statistics. A reporting tool is being developed to produce more accurate results going forward.
- 99% of food premises inspected required no remedial action.
- 94% of customers using building consent processes were satisfied with the service.
- 73% of customers using resource consent processes were satisfied with the service. The Council has initiated a stakeholder liaison group to meet on a quarterly basis to address matters of concern.
- 95% of building consents and 98.2% of all non-notified land use and subdivision consents were processed within statutory timeframes.
- 96% of the community were satisfied with the living environment.

Economic Development

- Completion of independent review of the economic development service delivered by VTT. The review found that VTT as a Council-controlled Organisation is the most cost-effective and efficient model for delivering a full range of economic development services across the district and region.
- 17 events were delivered during 2015/16 which included Wellington Phoenix vs NZ-A football game, Taranaki Steelformers Around the Mountain Relay, NZ Tattoo and Art Festivals, BDO Around the Mountain Cycle Challenge, Tropfest, ITU NP Sprint Triathlon World Cup 2016, AmeriCARna, Georgie Pie Super Smash T20 cricket, PSP NZ jetsprint championships, Warriors vs Canberra Raiders NRL, WOMAD, Powerco Taranaki Garden Spectacular.
- \$1,086,765 of investment into regional businesses across 24 transactions.
- 91.8% clients satisfied or very satisfied with VTT business services.
- \$326,364 of investment across 235 vouchers in management capability building for Taranaki's Small and Medium Sized Enterprises.

Civic and Democracy Services

- Unanticipated Royal visit successfully delivered with the assistance of the Department of Internal Affairs.
- Full compliance with statutory deadlines was achieved for required plans and reports and availability of meeting agendas.

Management of investments and funding

- PIF release of \$7.34m.
- The Councils borrowing programme was managed within the guidelines of the Treasury Management Policy with all compliance measures achieved.

The following pages provide an overview of the Council's and the Group's financial performance for the year ended 30 June 2016.

Overall results at a glance

The Council enjoyed a strong financial performance, recording a surplus of \$18.3 million which was considerably higher than the budget surplus of \$6.1m. The Council had both higher revenue and expenditure than budget of \$21.5m and \$9.3m respectively. The two main drivers of the higher revenue are the strong performance of the Perpetual Investment Fund (PIF) and higher vested assets. The main drivers of the higher expenditure are attributable to the PIF and non-cash accounting adjustments. Further commentary on these items follows below.

PIF investment

The PIF achieved a 9.48% per annum return and finished the year up \$16.9m to \$270.2m after payment of releases and costs of \$12.6m for the year. This increase in value is largely due to the sale of Tasman Farms investment at a favourable price.

The sale of Tasman Farms Limited was settled on 31 March 2016. The funds from the sale of the farms will be returned over time to the PIF's asset allocation portfolio which is designed for a long term investment horizon and matches the multigenerational perpetual mandate of the PIF.

Since inception the PIF has paid \$188.4m in release payments to the Council and achieved an annual return of 6.8% per annum.

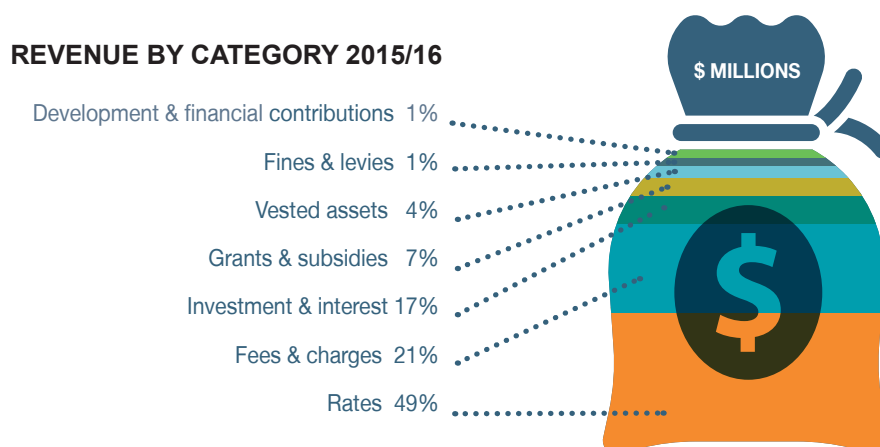
The expected return over the next four years is 6.0% per annum and the following five years is 7.6% per annum.

Where the money came from

Operating revenue of \$156.3m is \$21.5m higher than budget. Revenue from the PIF was \$17.8m higher than budget as mentioned above. The Council received \$1.3m above budget of forestry harvesting revenue as a result of higher harvesting activity than anticipated. Council also received more revenue than budgeted in areas of venues (due to increased events during the year), regulatory services (due to higher volumes of consents) and solid waste (due to revenue recovery from the new recycling centre).

In 2015/16 rates accounted for 49% of the Council's funding (2015: 42%).

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

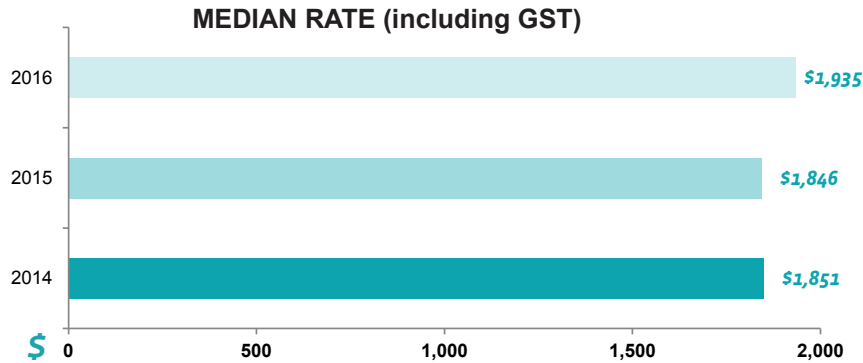


Rates collection

The Council's Rates Team work hard to ensure all rates are collected and accounted for. As in previous years, the Council has achieved an excellent collection record, collecting 99% (2015: 99%) of rates and 77% (2015: 81%) of rates arrears.

Residential median rate

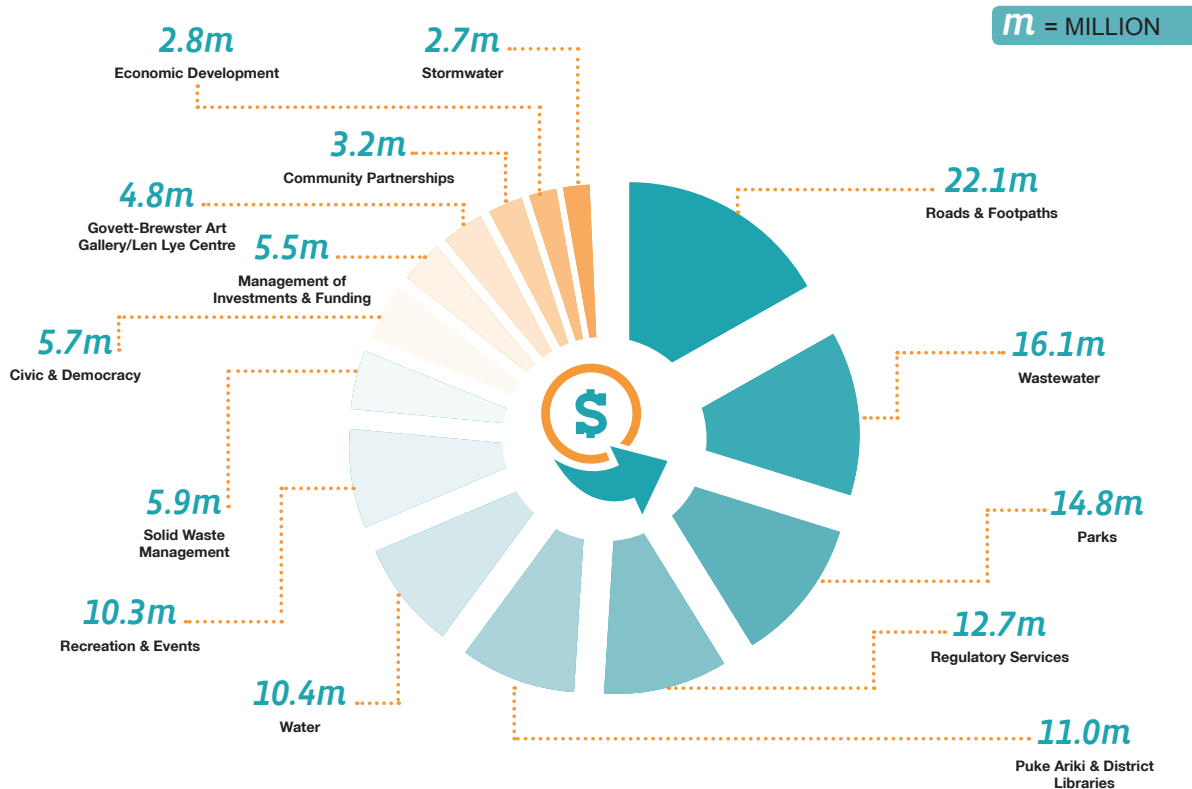
The residential median rate (including GST) increased by 4.8% during the year (2015: decreased by 0.3%).



Where the money goes

Operating expenditure of \$137.8m is \$9.3m higher than budget. This increase reflects expenditure relating to the sale of Tasmanian Land Company Limited (TLC) and non-cash accounting adjustments such as impairment, loss on revaluation of interest rate swaps and loss on sale of assets which were higher than budgeted for. The graph below shows where the money was spent by Council activity. It excludes the PIF and other costs.

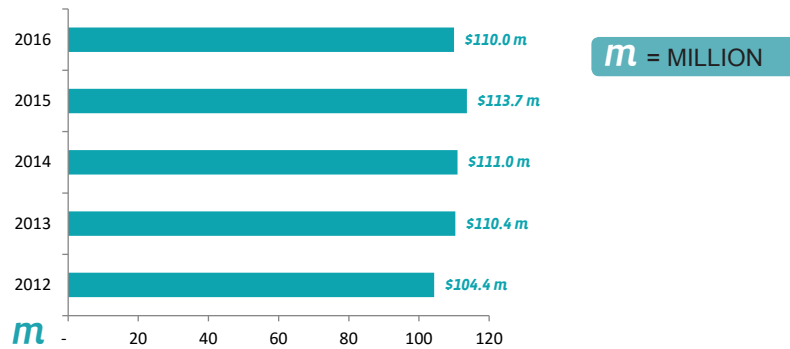
EXPENDITURE BY COUNCIL ACTIVITY 2015/16 (\$)



Our liabilities and assets

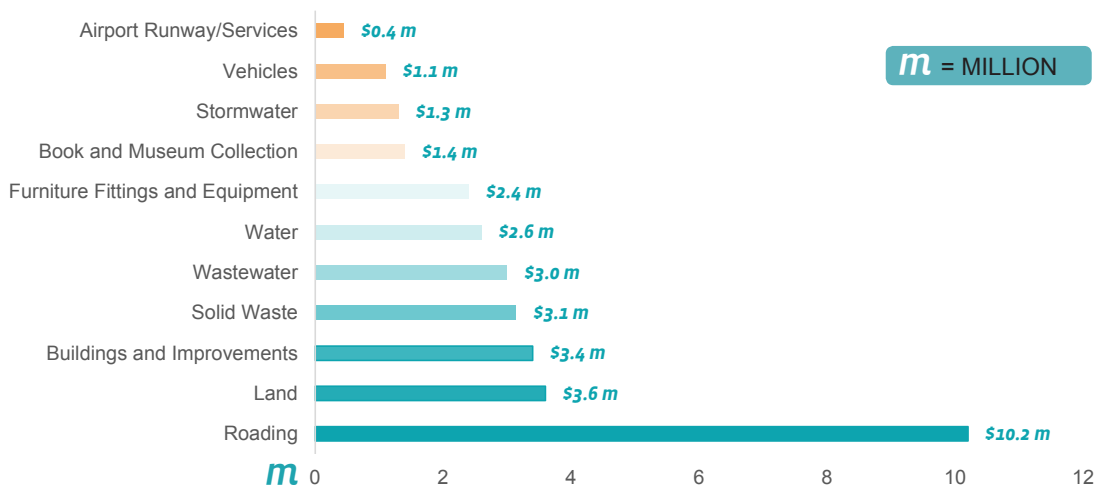
Our financial position remains strong with the Council's external borrowings reducing by \$3.6m during the year and are forecast to have minimal growth over the next ten years. The graph below shows the Council's debt levels over the past five years..

COUNCIL DEBT LEVELS AT 30 JUNE

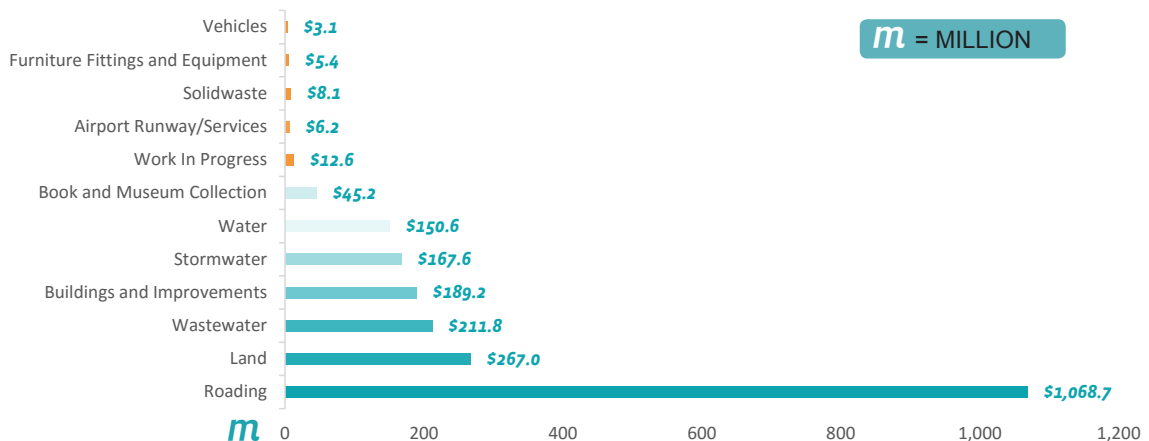


During the year the Council added \$32m of new assets through its renewal and capital works programme. This covered all activities within our district. The graph below shows the breakdown of capital expenditure by category.

ALLOCATION OF CAPITAL WORKS SPEND 2015/16



ALLOCATION OF COUNCIL ASSETS



Summary Financial Statements

Statement of Comprehensive Revenue and Expense

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Operating revenue					
<i>Revenue from exchange transactions:</i>					
Finance revenue	1,861	1,900	2,242	3,232	2,278
Investment revenue	24,729	11,790	44,242	7,213	7,517
Other revenue	32,676	26,770	30,536	128,875	30,318
<i>Revenue from non-exchange transactions:</i>					
Rates	77,547	77,929	73,030	77,547	73,030
Subsidies and grants	10,945	10,410	15,132	12,303	15,346
Development and financial contributions	1,071	1,020	1,554	1,071	1,554
Vested assets	5,934	3,020	4,111	5,934	4,111
Fines and levies	1,511	1,911	1,498	1,511	1,498
Total operating revenue	156,274	134,750	172,345	237,686	135,652
Operating expenditure					
Personnel costs	33,976	35,920	35,106	47,268	37,131
Depreciation and amortisation expenses	31,117	31,600	30,859	32,809	30,859
Finance costs	5,704	7,570	5,923	7,872	5,923
Other expenses	66,990	53,440	55,506	99,364	53,746
Total operating expenditure	137,787	128,530	127,394	187,313	127,659
Surplus/(deficit) before taxation	18,487	6,220	44,951	50,373	7,993
Taxation refund/(expense)	(162)	(120)	25	(14,772)	25
SURPLUS/(DEFICIT) AFTER TAXATION FROM CONTINUED OPERATIONS	18,325	6,100	44,976	35,601	8,018
Surplus/(deficit) after taxation from discontinued operations	-	-	-	-	2,999
SURPLUS/(DEFICIT) AFTER TAXATION	18,325	6,100	44,976	35,601	11,017
<i>Comprising surplus/(deficit) attributable to:</i>					
Parent interest	18,325	6,100	44,976	35,601	11,017
Minority interest in surplus of subsidiary	-	-	-	-	-
Other comprehensive revenue and expense					
Gain/(loss) on property, plant and equipment revaluations	140,629	173,400	(193)	140,629	(193)
Tax on other comprehensive revenue and expense	-	-	-	-	24,898
Foreign currency translation	-	-	-	(15,444)	6,495
Total other comprehensive revenue and expense	140,629	173,400	(193)	125,185	31,200
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	158,954	179,500	44,783	160,786	42,217
<i>Total comprehensive revenue and expense attributable to:</i>					
New Plymouth District Council	158,954	179,500	44,783	160,786	42,217
Minority interest in surplus of subsidiary	-	-	-	-	-

Summary Statement of Financial Position

	Council			Group	
	2015/16 Actual \$m	2015/16 Budget \$m	2014/15 Actual \$m	2015/16 Actual \$m	2014/15 Actual \$m
Current assets	64	60	232	283	328
Non-current assets	2,417	2,392	2,090	2,229	2,090
Total assets	2,481	2,452	2,322	2,512	2,418
Current liabilities	63	61	72	94	168
Non-current liabilities	83	82	74	83	74
Total liabilities	146	143	146	176	242
Equity	2,335	2,309	2,176	2,335	2,176
TOTAL EQUITY AND LIABILITIES	2,481	2,452	2,322	2,512	2,418

Statement of Changes in Equity

	Council			Group	
	2015/16 Actual \$m	2015/16 Budget \$m	2014/15 Actual \$m	2015/16 Actual \$m	2014/15 Actual \$m
Equity at the beginning of the year	2,176	2,129	2,131	2,176	2,133
Net surplus/(deficit) from continued operations	18	6	45	35	8
Net surplus/(deficit) from discontinued operations	-	-	-	-	3
Other comprehensive revenue and expense	141	173	-	125	31
Total comprehensive revenue and expense	159	179	45	160	42
Share issue	-	-	-	-	3
Purchase of minority interest	-	-	-	-	(2)
Equity adjustment	-	-	-	(1)	-
EQUITY AT THE END OF THE YEAR	2,335	2,308	2,176	2,335	2,176
<i>Total comprehensive revenue and expense attributable to:</i>					
New Plymouth District Council	159	179	45	160	42
Minority interest in surplus of subsidiary	-	-	-	-	-

Summary Statement of Cash Flows

	Council			Group	
	2015/16 Actual \$m	2015/16 Budget \$m	2014/15 Actual \$m	2015/16 Actual \$m	2014/15 Actual \$m
Net cash flows from operating activities	28	25	36	26	38
Net cash flows from investing activities	(31)	(35)	(29)	272	(29)
Net cash flows from financing activities	(4)	4	3	(74)	1
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7)	(6)	10	224	10
Effects of exchange rate changes on transactions in foreign currencies	-	-	-	(13)	-
Cash and cash equivalents at the beginning of the year	16	8	6	17	7
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	2	16	228	17

Commitments

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Capital commitments approved and contracted				
<i>Property, plant and equipment:</i>				
Within one year	3,565	3,215	3,565	3,215
Later than one year and not later than five years	-	3,754	-	3,754
	3,565	6,969	3,565	6,969
Non-cancellable operating lease commitments as lessee				
Within one year	21	11	61	216
Later than one year and not later than five years	32	-	32	324
Later than five years	-	-	-	77
	53	11	93	617
Non-cancellable operating lease commitments as lessor				
Within one year	1,928	1,920	1,928	1,920
Later than one year and not later than five years	6,222	6,151	6,222	6,151
Later than five years	12,146	12,124	12,146	12,124
	20,296	20,195	20,296	20,195

The Council and Group leases some equipment such as phone systems, eftpos machines and photocopiers.

The Council and Group leases out land, buildings and office space.

The Council through its PIF has commitments to subscribe to a number of private equity funds. At balance date \$9.0m (2015: \$8.1m) of this commitment has yet to be called up.

Contingencies

Contingent liabilities

Emissions Trading Scheme (ETS)

The Council has 232.0 hectares (2015: 235.6 hectares) 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 7.2 hectares (2015: 19.4 hectares) 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.

Weathertightness

The Council is subject to two claims (2015: four claims) relating to weathertightness of buildings. These were lodged under the Weathertight Home Resolution Service (and one is subject to the Financial Assistance Package Scheme with the Ministry of Business Innovation and Employment). A provision has been made for the two claims in the current year therefore there is no contingent liability (2015: \$1.1m was considered a contingent liability).

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

Local Government Funding Agency (LGFA)

The Council is a guarantor of 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 41 local authority guarantors and 31 local authority shareholders of LGFA. The aggregate amount of uncalled shareholder capital is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, the Council is guarantor of all LGFA's borrowings 30 June 2016 the Council's contingent liability in regards to the total LGFA borrowings was \$6.22 billion (2015: \$5.01 billion).

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:

- We are 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. No calls have been made by the Board of New Zealand Mutual Liability RiskPool for the 2015/16 year (2015: Nil).

There may be further calls on any shortfalls on the mutual pool's funds in the future, but the full extent of these calls have yet to be ascertained. However, as each year passes and statute of limitation period expire, the risk of further calls decreases. Accordingly, the Council has assessed that the potential liability to the Council arising from these claims is minimal.

Tasmanian Land Company Limited (TLC)

TLC has given warranties under the sale and purchase agreement with Moon Lake Investments Pty Limited which expires on 31 March 2017. These warranties primarily relate to the due diligence materials provided as part of the sales process and condition of the assets sold.

There are no other known material contingent liabilities (2015: nil).

Contingent assets

There are no known contingent assets (2015: nil).

Related Parties Transactions

The Council is deemed to have related party relationships with Taranaki Investment Management Limited, New Plymouth Airport Joint Venture, Forestry Joint Ventures, Venture Taranaki Trust, TLC and Len Lye Centre Trust.

No debts between the parties were written off or forgiven during the reporting period. No transactions took place at nil or nominal value.

Subsequent events

On 13 July 2016, \$78.5m was paid by TLC to the Council's PIF by way of a capital return. Further distributions will be made during the 2017 year.

There are no other significant events subsequent to balance date (2015: nil).

Financial summary



Major budget variations

Explanations for major budget variances from the Council budget figures in the LTP are as follows.

Statement of Comprehensive Revenue and Expense

	2015/16 Actual \$'000	2015/16 Budget \$'000	Variance \$'000	Comments
Investment revenue	24,729	11,790	12,939	Higher revenue from the PIF is largely due to unrealised gains in market value and recovery of expenses incurred during the sale of Tasman Farms Limited.
Other revenue	32,676	26,770	5,906	The Council received \$1.3m above budget of forestry harvesting revenue as a result of higher harvesting activity than anticipated. The Council also received more revenue than budgeted in areas of venues (due to increased events during the year), regulatory services (due to higher volumes of consents), and solid waste (due to revenue recovery from the new recycling centre).
Vested assets	5,934	3,020	2,914	Vested assets - assets whose ownership was passed to the Council - were greater than budget as a result of more assets than planned being transferred to the Council.
Other expenses	66,990	53,440	13,550	The main drivers of the higher expenditure are attributable to the PIF and non-cash accounting adjustments such as impairment, loss on revaluation of interest rate swaps and loss on sale of assets which were higher than budgeted for.

Statement of Financial Position

	2015/16 Actual \$'000	2015/16 Budget \$'000	Variance \$'000	Comments
Other financial assets	128,647	102,240	26,407	This variance is a result of exchange rate movements differing from budget and higher long term deposits to meet cashflow requirements.
Tasmanian Land Company Limited	183,796	165,290	18,506	
Property, plant and equipment	2,135,388	2,155,970	(20,582)	The increase in revaluation was less than budgeted, and the capital works programme has been delayed resulting in works to be carried forward into the next financial year.
Public debt and other loans	110,000	118,080	(8,080)	Borrowings have not increased as expected due to the delay in our capital programme as noted above.
Special funds/reserves	85,250	69,150	16,100	Due to the timing of our capital programme as outlined above, our depreciation reserve balances have increased.

Independent Auditor's Report

To the readers of New Plymouth District Council and Group's Summary Annual Report for the year ended 30 June 2016

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

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 18:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 7 October 2016.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: Summary Financial Statements.

Basis of opinion

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

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 7 October 2016 on the full audited statements.

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

Responsibilities of the Council and the Auditor

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

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

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

Clint Ramoo, Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

31 October 2016

For more information:

**New Plymouth District Council
Private Bag 2025
New Plymouth**

Phone: 06-759 6060
Email: enquiries@npdc.govt.nz
Web: newplymouthnz.com



Te Kaunihera-ā-Rohe o Ngāmotu
NEW PLYMOUTH DISTRICT COUNCIL
newplymouthnz.com