



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

ANNUAL REPORT

2022/23



Welcome to NPDC's Annual Report for 2022/23

Naumai ki te Pūrongo ā-tau o NPDC mō 2022/23

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 2021-2031.



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Mayor's Message

Te Karere ā te Māngai ā-Kaunihera

The 2022/23 financial year saw big economic and political changes for our district, which prompted us to recalibrate our priorities as we look to the future of our Sustainable Lifestyle Capital.

The election delivered four new councillors to our team, including our first-ever Te Purutanga Mauri Pūmanawa Māori Ward Councillor Te Waka McLeod. We also have a new community board for Puketapu-Bell Block giving residents more of a say in one of our fastest-growing communities.

It was a sign of how engaged our residents are that voter turnout in the New Plymouth District was 45.1 per cent, well ahead of the national average of 40.4 per cent, thanks to a nationally recognised marketing campaign from our team.

In March, Gareth Green joined as our new Chief Executive. Gareth's focus is to ensure we have an organisation aligned to our strategic framework with the capability to deliver on our objectives, to improve performance and adapt to the wide range of central government reforms, all with a current backdrop of global economic challenges, recession in New Zealand and a cost-of-living crisis.

We are an organisation focused on delivering on our core services, such as roads, rubbish and water. One of our most significant pieces of work relates to the development of an updated strategic framework and long-term plan.

International credit rating agency S&P Global has renewed NPDC's AA+ credit rating, again recognizing our ability to manage budgets and debt despite increased capital costs and the difficult economic climate.

The 2022/23 year highlighted how much support our residents need when times are tough, particularly with wild weather, such as Cyclone Gabrielle which skimmed past us in February and the downpours that drenched our district in the spring and autumn.

Our investments in sustainability and infrastructure are focused on a prosperous future for our rangatahi (youth).

Working with WITT-Te Pūkenga and other partners we were proud to open Te Kura Matahanganga industry training facility to help address the skills and capability gap in the civil construction sector.

We came closer to our Planting our Place goal of 10 per cent native tree coverage of our urban, helping to meet emissions targets as part of our Climate Action Framework.

Our \$248 million investment in Fixing our Plumbing over 10 years continued with work underway upgrading Waitara's stormwater system, new water pipes in Urenui and Bell Block and the cleaning up of Waitara's Tangaroa Stream. In April, we were pleased to see the Government adopt our preferred Taranaki three-waters entity, but we continue to advocate for a Crown guarantee that would help maintain and preserve our investment.

Another big win for our kids was the passing of legislation to ensure New Plymouth District's \$351m Perpetual Investment Fund (PIF) continues to benefit people living within the current district boundary. The PIF has offset rates to the tune of about \$260m since 2004, including \$10m in the 2022/23 year.

Creating a Sustainable Lifestyle Capital will always be a work in progress and your feedback is important to getting it right. We look forward to hearing what you have to say on this Annual Report.

Neil Holdom
Mayor



Chief Executive's Message

Karere ā te Tumu Whakarae

The last financial year was another challenging year for NPDC as it has been for many councils around the motu. It's clear that the pre-Covid business-as-usual model is no longer viable and, since stepping into the Chief Executive role in March, I've focused on structuring our team so that we can better meet the challenges we face now and those we anticipate in the years ahead.

Marrying up the expectations of residents with the reality of we can deliver is always difficult, but the 2022/23 financial year pressed home how we need to change the way we deliver our services. So far, we've achieved 77 and mostly met another 10 out of our 108 non-finance KPIs for 2022/23, compared with 85 KPIs achieved the previous financial year.

Global inflationary pressures caused by Covid, supply chain issues and war in Europe as well as shortages of skilled people continued over the last financial year, hit operations from road maintenance costs to pool hours as we struggled to find enough trained lifeguards. In December we temporarily paused our involvement in the Tūparikino Active Community Hub to review the mounting costs and our \$40m contribution.

Managing our finances prudently has been a real challenge over the last year. We ended 2022/23 with a general rates deficit of \$1.35m, which compares well with the \$4.3m in 2021/22. We still have room for improvement, but we're also well-placed to manage \$4 billion in assets and an operating budget of \$192m.

Given the challenges over the 2022/23 year it was good to see this and other big projects getting over the line, such as central government funding, via Waka Kotahi, that will enable work to start on extending our Coastal Walkway from Waitara to Bell Block.

We also passed a milestone on the road to our new District Plan, the master plan that lays out what can be built and where across the district and sets out rules to protect our built and natural heritage. The Decisions Version of the plan took effect in May. Representing years of work by NPDC, tangata whenua, key stakeholders and the community, it is the first full e-plan decisions version in the country, emphasising our commitment to innovation and efficiency in the planning process.

Incorporating tangata whenua values and engagement, it's a great example of how we're setting benchmarks for pending resource management and other local government reforms in Taranaki. It places NPDC in a unique position to support and shape the region's future land-use planning, environmental regulation, infrastructure provision and responses to climate change.

While planning for the future, we also need to focus on continuous improvement of the things our residents value.

The independent Customer Survey in April and May showed rising satisfaction with NPDC events, venues, libraries and New Plymouth Airport, but it also showed we need to lift our game particularly around our community's aspirations and needs and how our rates are spent.

The team at Govett-Brewster Art Gallery put on 12 exhibitions during the 2022/23 year, compared with eight the year before, and saw visitor numbers rise from almost 64,000 to 84,500. Puke Ariki and the community libraries almost doubled their number of learning opportunities, including school programmes and raised their average weekly visitor numbers from about 9,600 to about 9,900.

The award-winning TSB Festival of Lights attracted a record 140,000 people over its five-week run and pumped \$8.3million into the Taranaki economy, according to independent analysis.

That's why this Annual Report is so important as it sets a benchmark by which we'll measure ourselves at the end of the 2023/24 year.

Gareth Green
Chief Executive



About this report

Kōrero e pā ana ki tēnei pūrongo

Welcome to NPDC's Annual Report for 2022/23

Naumai ki te Pūrongo ā-tau o NPDC mō 2022/23

The Annual Report is our way of being accountable to you. It tells the financial story of our performance over the past financial year. It also 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 2021-2031](#) (LTP).

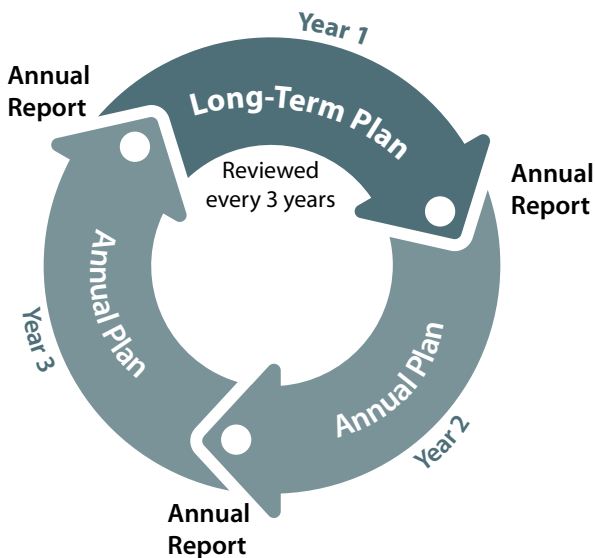
The report is divided into the following sections:

- Introduction - this includes our district highlights and a financial overview.
- Council Services - this section highlights each of our Council's activities, their performance and how much we spent on the activities.
- Financial Statements - this section provides you with all the financial statements and accompanying notes that provide more detail.

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 156.

Being accountable to our community

The following diagram shows an overview of our planning and reporting framework and how it all fits together with the Annual Report.



Quarterly reporting

NPDC publishes quarterly reports to give our community a summary of how we are progressing compared to our LTP/Annual Plans. We do this three times a year while the fourth quarterly report becomes our Annual Report.



Our year in review

He tirohanga whakamuri



The Len Lye Centre presented numerous international film festivals generating strong audiences and revenue.



NPDC buys 84 hectares of land near Onaero for the Urenui/Onaero wastewater project.



Construction of New Plymouth Transfer Station on Colson Road.



TSB Festival of Lights injects over \$8m into the Taranaki economy during summer.



NPDC' resealed 54km of urban and rural roads, renewed 1.5km of footpaths and metalled and graded 33km of unsealed roads during the year.



Election held, including establishment of the Puketapu-Bell Block Community Board and Te Pūrūtanga Mauri Pumanawa (Māori Ward).



Nearing finalisation of our first District-wide Emissions Reduction Plan.



Fourteen new zero waste bin stations installed and promoted around the district.

Working together with Māori

Mahi ngātahi i Ngāi Māori

NPDC is maintaining and strengthening relationships with ngā Hapū, Iwi and the Māori community and providing as many opportunities as possible for Māori involvement in decision-making.

NPDC partnered with Ngā Hapū o Waitara (including Manukorihi, Otaraua, Pukerangiora and Ngāti Rahiri) and Te Kotahitanga o Te Ātiawa to create the Waitara Stormwater Programme for the Long Term Plan cycle 2021-2023.

One of four projects within the programme, the Tangaroa Restoration Project hit its first milestone with completion of the Richmond Street stormwater pipe in March 2023.

Trust has been built through engagement from the get go and regular communication with ngā Hapū and Iwi to plan projects and solve problems as they occur throughout construction. Strong working relationships mean the consenting process has also run smoothly. It is anticipated that the Tangaroa Restoration will take another three years to complete.

After its significant contribution to Council's Proposed District Plan, Ngā Kaitiaki forum is moving from strength to strength. Made up of mandated Hapū and Iwi representatives, the forum is now developing an evolved and expanded role to provide its expertise and to collaborate with Council officers on district-wide environmental policy and planning matters.

Council's new approach to the development of Reserve Management Plans and the provisions of the New Plymouth District Council (Waitara Lands) Act 2018 and other Settlements have provided opportunity for significantly enhanced partnerships with tangata whenua in relation to planning, management and development of our open space network.

Recently approved for public consultation, the draft Ngā Motu / Partitūtu / Te Pūkenga / Herekawe Integrated Reserves Co-Management Plan was developed in partnership with tangata whenua. A unique feature of this work is the leadership and autonomy with which ngā Hapū representatives have operated in developing the draft. As a result, the vision for the draft plan "ko te oranga o te whenua, ko te oranga o te tangata the well-being of the environment is the well-being of the people". This brings human dependency upon a healthy environment to the fore and reciprocal obligations to heal, care for and protect the whenua as the key direction in the how the reserves will be co-managed for everyone's benefit.

Partnership and co-design in the development of Te Rewa Rewa Reserve continues through engagement and input from Ngāti Tawhirikura Hapū and the decision making of Te Rewa Rewa Reserve Working Party. Co-design is undertaken for implementation of phase one works on site that support the aspirations of Ngāti Tawhirikura Hapū.



Working together with Māori

Mahi ngātahi i Ngāi Māori

A process for the development of a co-management plan for the reserves in Waitara has been underway for nearly three years. Staff continue to work alongside Te Kōwhatu Tū Moana, an organisation consisting of representatives from Manukorihi Hapū and Otaraua Hapū, to co-design the plans and to partner in carrying out consultation with the community. Ngāti Mutunga is partnering to deliver the Onaero Reserve Management Plan.

On the ground partnerships with tangata whenua are embraced through the 'Planting our Place' programme of work. Significant work has been undertaken utilising the expertise of a number of Hapū. This includes the development of restoration plans, plant lists, the supply of eco-sourced plants, site preparation, planting, and the organisation and facilitation of community planting days. Ngā Hapū Taiao groups have been appointed to be on a panel of approved contractors that support restoration projects through NPDC contracts. Otaraua, Manukorihi, Ngāti Tawhirikura and Te Ara Taiao are specific Hapū that are currently contracted to do restoration work and plant supply. In addition, Council partners with Pukerangiora, Ngāti Te Whiti, Ngāti Tairi and Ngā Mahanga to develop restoration plans for reserve and open space land. This paparawa (restoration) provides a much needed opening for tangata whenua to embark again on the tangible acts of growing their important relationship with the whenua, namely Te Wao o Taane – te Ngahere (forest) and repo (wetland). This then provides a framework with which the broader community can engage with and contribute to the restoration of the whenua. In the 2022/23 1.3 hectares of new planting and associated weeding and site preparation was undertaken through direct contracts with ngā Hapū.

A number of significant land purchases for open space have facilitated protection of land as part of Council's open spaces network that will result in collaborative and partnership arrangements with tangata whenua, notably Pukerangiora Hapū and Puketapu Hapū. This includes:

- 5.9 hectares of land being 1629 Mountain Road in Inglewood that will support a collaborative conservation initiative in Inglewood; and
- 2.2 hectares of open space land that adjoins both Hickford Park and the Waipu Lagoons Reserves for addition to Hickford Park Recreation Reserve as Local Purpose Reserve (For the protection of cultural and environmental values).

Council has been working in partnership with Te Kōwhatu Tū Moana Trust to progress a number of land settlement options to be transferred to the Trust as per

the New Plymouth District Council (Waitara Lands) Act 2018 and associated Side Agreements.

NPDC continues to provide grants to Māori for marae development, urupā maintenance and resource management services. A new grant scheme, Whanake, was approved in July 2022 to address a lack of applications from ngā Hapū and Iwi to Council's Community Investment Fund. Designed to support community groups who deliver outcomes and aspirations valued by Whānau, Hapū and Iwi, the Whanake Grant successfully generated uptake by Māori in its first year and indeed was over-subscribed with five eligible applications and \$20,000 allocated by Te Huinga Taumatua in May 2023.

This report is just a snapshot of some of the projects and plans in progress where tangata whenua are working in partnership with NPDC.

Our performance

Ō mātou whakaaturanga

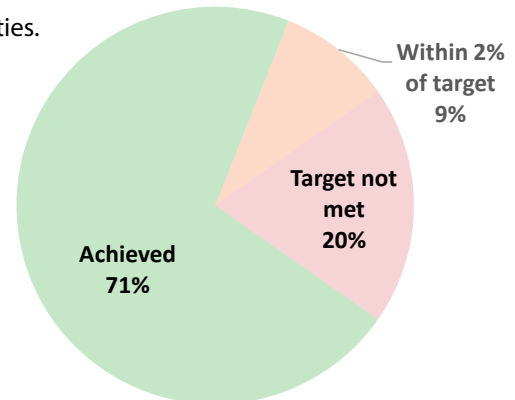
How we performed against our targets for the year

NPDC is responsible for a large range and variety of services and activities.

We have 108 non-financial performance measures set through the Long-Term Plan (LTP) 2021-2031. These measures, the targets against each, and the results for the past year, are set out in the 'Council Services' section of this Annual Report.

This year:

- We achieved the target for 77 measures.
- We substantially achieved the target for 10 measures.
- We did not meet the target for 21 measures.



Of the 21 performance measures that we did not achieve this year, seven could be considered to be associated with ongoing longer term challenges stemming from Covid restriction disruptions.

The remaining not achieved or substantially achieved were due to a variety of reasons including:

- Low satisfaction with animal control and the quality of the district's roads and urban landscapes and streets.
- Delays with responding to LGOIMA requests.
- High numbers of building and resource consents applications.
- Changes in Central Government Policy related to business investment grants.
- A low investment return.
- Complaints regarding the waste management and minimisation service.
- An abatement notice for a wastewater discharge.
- Larger actual data set available through Universal Water Meter project provided better representative consumption number than previous best estimates.

Services at a glance



Full compliance with drinking water standards

28.5m litres of water per day supplied to households and businesses



1,285km of roads

51% community satisfaction



521km footpaths

94% in good or excellent condition



11,977 registered dogs

86% community satisfaction with animal control activities

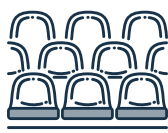


49 playgrounds



21 sports grounds

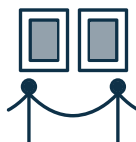
94% community satisfaction



949 events provided across all venues

with

301,816 attendees



12 exhibitions

with

84,500 visitors per year



9,896

average customers per week to Puke Ariki and Community Libraries



52 public toilets

83% community satisfaction

Delivering on our district's priorities

Te whakataki o ō mātou whakaarotau ā-rohe

The Long-Term Plan (LTP) 2021-2031 outlined the key challenges facing our district. For the 2022/23 year population growth was addressed through the provision of growth infrastructure (we delivered \$9.04m growth capital expenditure of the \$10.27m planned) along with ongoing planning including the notification of the decisions on the new Proposed District Plan in May 2023. The continuing impacts of central government Covid-19 related decisions is reflected in seven of the 21 Council services key performance indicators that have not been met for the year. There were also impacts on the capital expenditure work programme deliverability as a result of ongoing supply chain disruptions and high inflation pressures. Work related to the Council's Climate Action Framework continued through the year including the hearing of submissions on the draft Emissions Reduction Plan with interim deliberations requiring further ongoing work before finalisation. The Three Waters reform programme of central government continued with NPDC continuing to respond as required.

Below we highlight the key achievements of the financial year for each of the three 'Big Calls' from the LTP 2021-2031.



Fixing our plumbing

Looking after our existing assets

In the LTP 2021-2031, \$248m was allocated for renewals for water, wastewater and stormwater services.

This last year we spent \$4.8m renewing 5,000 metres of water pipes across the district. We spent \$1.03m lining 1,038 metres of sewers to extend their life and prevent groundwater infiltrating into the network. We spent \$609,000 on backflow preventers and other customer equipment to protect our water supply.

Design work was completed for a range of sewer replacements throughout the district.

We completed the Waiwaka Stormwater Culvert renewal.

Conserving your water

Materials procurement and construction contracts were agreed for the installation of water meters with installation commencing in August 2022. By year's end we had spent and \$6.3m of capital expenditure spent in 2022/23.

Approximately 7,000 meters (27%) were installed by 30 June 2023 and forecasted to reach 18,000 (70%) by 30 June 2024. We have commenced analysis of the data obtained from the readings of installed meters to identify and resolve leakages.

Improving stormwater management in Waitara

We have focused on three projects this year.

The Tangaroa Stream Restoration Project is currently progressing in two stages: the upper catchment stream restoration works where physical works are well advanced and the lower catchment remedial works which are in the detailed design phase. This project (co-funded by Ministry for the Environment) has involved extensive cooperation with local hapū and will reduce flooding in this area.

Another focus has been addressing flooding issues in the upper Waiari catchment. Work is well underway installing a large stormwater pipe to reduce flooding in east Waitara by diverting high flows from the Waiari Stream to the Waitara River. Construction of the last section of this pipe system is expected to commence in late 2023. This project has been undertaken in partnership with Waka Kotahi as part of the Princess Street/SH3 intersection upgrade. This approach has provided cost savings and is minimizing disruption.

The last project is the development of a Waitara Stormwater Catchment Management Plan (CMP). The Watercourse Assessment and Contaminant Load Modelling are completed with the development of the CMP underway. The CMP will outline a vision for the future management of stormwater in Waitara.

Delivering on our district's priorities

Te whakataki o ō mātou whakaarotau ā-rohe



Greening
our place

Extending our tracks and trails network

Progress has been made through the 2022/23 year on a number of tracks and trails network projects.

The Waitara to Bell Block Walkway extension business case has been approved by Waka Kotahi, securing their share of the funding to construct the 10km of pathway. Through a co-design process with hapū and iwi Council is progressing with the detailed design and consenting for stage 1; construction of the pathway. This will start in summer at Marine Park - Otupaiia and then work its way along West Beach to Brown Road.

The Kaitake Trail project is in the process of a strategic re-set to better align with the cultural and ecological values associated with the landscape in which the project is located. This will include exploring with hapū and other stakeholders how best to re-establish collaborative project objectives; and also a review of the costs to ascertain whether the project still fits within the currently approved budget.

The Taranaki Traverse Waiwhakaiho section has established a working group that includes the two iwi and six hapū that have relationships with this awa. The intent is to establish co-created principles and scope of work for the establishment of a corridor of restored riparian margin and recreation along the 30km of the Waiwhakaiho corridor, providing a Maunga to sea connection.

In addition to the key projects above, work continues to develop new walking and cycling connections through subdivision development within a range of growth areas and townships, including Inglewood, Bell Block, Patterson Road and Oākura.

The walking and cycling connection between Ahu Ahu and Weld Road now includes the re-establishment of the swing bridge across the Whenuariki stream that was destroyed by a storm. Detailed design and consent applications have been progressed accordingly over the last year with build of both bridge and walkway expected in autumn 2024.

Rolling out our Climate Action Framework

The Climate Action Framework programme of work was realigned in 2022/23 to meet national plans and strategies, namely the first National Emissions Reduction Plan and National Adaptation Plan.

This year NPDC completed consultation on its draft District-wide Emissions Reduction Plan. The draft Plan pulled together the national and regional context to reduce emissions to meet nationally set targets of net zero carbon emissions by 2050. NPDC worked with sector decarbonisation specialists to inform evidence-based options to reduce organisational emissions, which were included in the consultation of the draft Plan. NPDC reviewed the feedback from the community on the draft Plan, and made a range of decisions on it, including to strengthen the draft Plan's action on initiatives to reduce community emissions, including interim targets and a new governance framework for monitoring progress. The final Plan is set to be adopted in the next financial year.

Action on the draft District-wide Adaptation Plan has been delayed due to resourcing constraints and because NPDC has been awaiting the Climate Change Adaptation Bill to be introduced to Parliament (which has been delayed several times by the Government).

Delivering on our district's priorities

Te whakataki o ō mātou whakaarotau ā-rohe

Planting Our Place

Progress on delivery of Council's vision for being the first City in New Zealand to meet the 10 per cent urban habitat cover identified within the National Policy Statement for Indigenous Biodiversity continues at pace. The aim is to plant 34 hectares a of urban reserve land over a 20-year programme of work, with the first 10 years funded. This means a target of 1.7 hectares per year.

The work programme for the last year has included ongoing maintenance of 2.9 hectares of planting carried out in the previous year. In the autumn/winter planting season of 2022/23 the yearly target was exceeded with a total of 2.93 hectares of planting on Council reserves was undertaken including Mangapouri Cemetery stage two, Peringa Park A, Rimu Street, Audrey Gale, Waiwhakaiho Kaihi B and the new Kurapete reserve in Inglewood.

Much of the work has included working alongside hapū and community groups and for the first time public planting days were a feature of the planting work with two successful days at Peringa Park and Inglewood.

The number of applications to Te Korowai o Tane grant increased and six grants were given out totaling over \$21,000. Groups receiving grants included Westtown Golf Club, Kaimata, Fitzroy, Oākura and Bell Block Schools and New Plymouth Girls High School.



Building a multi-sport hub

Tūparikino Active Community Hub (the Hub) is a proposed multi-sport and active recreation community facility to be located in the heart of New Plymouth's recreation precinct. The Hub project was initially proposed to address the facility needs of various sports codes throughout New Plymouth, with a community well-being component added to the scope of the project.

Concept design and planning for the Hub continued with Ngāti Tūparikino, Ngāti Te Whiti, and Sport Taranaki. Towards the end of the year the Council determined to pause any construction and continue required planning to allow a reconsideration of the project as an integral part of the LTP 2024-2034.

Financial summary

Whakarāpopototanga ā-pūtea

Overall results at a glance

NPDC recorded a deficit of \$14.4m compared to a budget surplus of \$16.5m. There were several drivers that have contributed to this variance. Note 2 of the Annual Report on page 82 outlines the key items behind this significant variance, which can be categorised into two main groups: non-cash items largely outside of our control (\$11m) and cash items that emerged as unexpected budget outliers (\$20m).

On the non-cash side, asset values changed, causing higher depreciation, impairment, and losses in forestry and property plan and equipment. But we also had some good news with higher investment gains in the Perpetual Investment Fund (PIF) and with proceeds received from the closure of the Tasmanian Land Company.

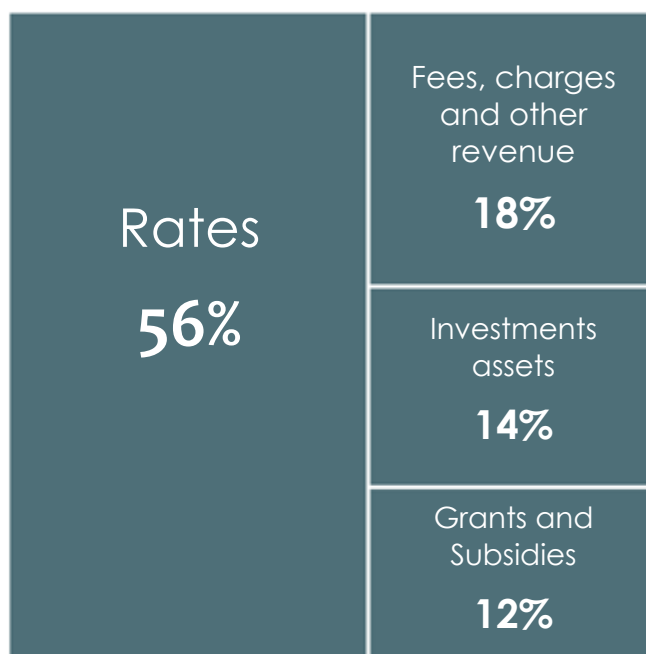
Cash-wise, we faced unexpected costs, such as changes in the accounting treatment for Software as a Service, elevated maintenance expenses due to increased cost of materials, increased spending on security and support to hardware and software applications, as well as various other operating cost increases. These factors, combined with higher interest costs and lower consents revenue and fees and charges, contributed to the deficit.

Operating revenue

NPDC receives income from a variety of sources, including rates, subsidies for capital expenditure funding, fees and charges and from our investment on the PIF.

The diagram on the right displays the various income sources, showing that in 2022/23 rates accounted for 56 per cent of NPDC's funding, with fees, charges and other revenue coming second at 18 per cent.

Council's operating revenue was in line with budget. Higher investment gains on the PIF contributed against lower than expected revenues from resource consents, fees and charges and vested assets. The residential median rate (including GST) was increased by 5.4 per cent, also in line with budget.



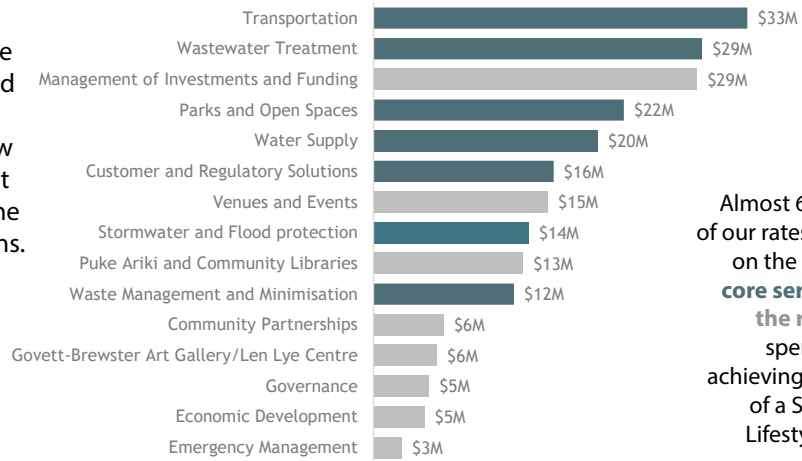
Financial summary

Whakarāpopototanga ā-pūtea

Operating expenditure

Operating expenditure of \$225.1m is \$30.8m higher than budget. There are two main reasons for this: things beyond our control, like asset revaluations and lower vested assets, and unexpected expenses we didn't plan for. The graph below shows where the money was spent by NPDC activity, and highlights the expenditure over our core functions.

Operating expenditure by activity (in millions)

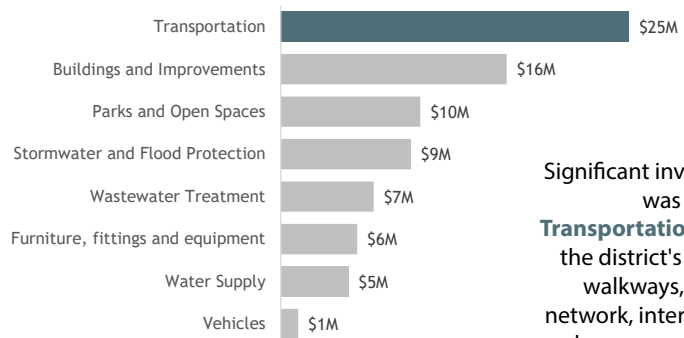


Almost 65 per cent of our rates are spent on the delivery of **core services** with the remainder spent towards achieving our vision of a Sustainable Lifestyle Capital.

Capital expenditure

During the year NPDC added \$80m 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.

Capital expenditure by activity (in millions)



Significant investment was made in **Transportation** across the district's bridges, walkways, roading network, intersections and emergency works.

Borrowings

In 2022/23 NPDC raised an additional \$60m in borrowings. This was in line with budget and a reflection of the increased capital expenditure during the year. The graph below shows the Council's debt levels over the past three years.

Council borrowings (in millions)



Financial summary

Whakarāpopototanga ā-pūtea

Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

	COUNCIL			GROUP	
	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Rates revenue	117,562	117,440	110,387	117,460	110,301
Perpetual Investment Fund (gains)	24,321	20,910	3,824	24,321	3,824
Other revenue	69,063	72,560	77,892	80,738	85,059
Total operating revenue	210,946	210,910	192,103	222,519	199,184
Interest costs	9,671	6,860	6,468	9,672	6,468
Perpetual Investment Fund (direct expenses)	2,572	1,269	2,639	2,572	2,639
Other expenses	212,905	186,241	177,640	222,030	185,269
Total operating expenditure	225,148	194,370	186,747	234,274	194,376
Share of joint venture surplus	(237)	-	1	(237)	1
(Deficit)/surplus before taxation	(14,439)	16,540	5,357	(11,992)	4,809
Income tax (expense)/refund	-	-	-	(754)	110
(DEFICIT)/SURPLUS AFTER TAXATION	(14,439)	16,540	5,357	(12,746)	4,919
Gain/(loss) on property, plant and equipment revaluations	(7,984)	-	484,863	(2,870)	490,108
Financial assets fair value movement (could be reclassified to surplus/(deficit))	(21)	-	111	(21)	111
Total other comprehensive revenue and expense	(8,005)	-	484,974	(2,891)	490,219
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	(22,444)	16,540	490,331	(15,637)	495,138

Summary Statement of Financial Position as at 30 June 2023

	COUNCIL			GROUP	
	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Current assets	353,248	402,810	308,564	359,829	310,083
Non-current assets	3,577,420	3,288,510	3,575,941	3,591,191	3,585,487
Total assets	3,930,668	3,691,320	3,884,505	3,951,020	3,895,570
Current liabilities	134,548	116,490	95,057	136,715	97,788
Non-current liabilities	191,820	224,570	162,704	196,629	164,469
Total liabilities	326,368	341,060	257,761	333,344	262,257
TOTAL EQUITY/NET ASSETS	3,604,300	3,350,260	3,626,744	3,617,676	3,633,313

Summary Statement of Cash Flows for the year ended 30 June 2023

	COUNCIL			GROUP	
	2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Net cash flows from operating activities	23,373	37,990	18,635	26,247	20,877
Net cash flows from investing activities	(73,547)	(79,630)	(26,723)	(74,835)	(27,613)
Net cash flows from financing activities	60,142	47,190	-	60,142	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS AT 1 JULY	9,968	5,550	(8,088)	11,554	(6,736)
CASH AND CASH EQUIVALENTS AT 1 JULY	35,971	18,750	44,059	39,602	46,338
CASH AND CASH EQUIVALENTS AT 30 JUNE	45,939	24,300	35,971	51,156	39,602

A close-up, high-speed photograph of water being poured from a glass bottle into a glass. The water is captured in mid-pour, creating a dynamic, textured surface with ripples and bubbles. The lighting is bright, highlighting the clarity and movement of the liquid. The background is a soft, out-of-focus white, making the water the central focus.

Council Services

Ngā Ratonga ā te Kaunihera

Introduction to Council Services

Whakarapopoto ki ngā Ratonga ā-Kaunihera

Our activities and performance

NPDC is responsible for a large range and variety of services and activities. In addition to the 16 activity groups, the Council 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 the Council's activities whereas the Council's activities themselves are services actually received and used by the community.

We have 108 non-financial performance measures set through the Long-Term Plan (LTP) 2021-2031. These measures, the targets against each, and the results for the past year, are set out in this section. All percentage results have been rounded to remove any decimal places. This year:

- We achieved the target for 77 measures.
- We substantially achieved the target for 10 measures.
- We did not meet the target for 21 measures.

Performance measures

	Achieved (Target has been met or exceeded)	Substantially achieved (Target has not been met by a slim margin (-2%))	Not achieved (Target has not been met)
Community Partnerships	3	1	1
Customer and Regulatory Solutions	2	2	4
Economic Development	7	-	1
Emergency Management and Business Continuance	4	-	2
Flood Protection and Control Works	1	-	-
Governance	2	-	1
Govett-Brewster Art Gallery/Len Lye Centre	5	-	-
Management of Investments and Funding	1	-	1
Parks and Open Spaces	5	1	1
Puke Ariki and Community Libraries	11	-	-
Stormwater Management	8	-	-
Transportation	3	1	4
Venues and Events	2	2	2
Waste Management and Minimisation	4	1	2
Wastewater Treatment	8	-	1
Water Supply	11	2	1

Rationale for selection of performance measures

All measures are reviewed as part of the LTP process to ensure Council is providing the level of service the community expects and measuring results in a way that reflects the levels of service. The Department of Internal Affairs sets some mandatory measures that all Councils need to include in their LTPs. Other performance measures are set by Council and aim to report against key activities and programmes Council is delivering for each group of activities.

Statement of compliance

The service performance information in this report has been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP). The Council Services is presented on pages 16 to 70 of the Annual Report and relates to the Council only.

Other key judgements

The methodology for the performance measure 'the percentage of real water loss from NPDC's network reticulation system' is disclosed on page 68, footnote 1. The methodology for the customer satisfaction survey is described below.

Community Satisfaction Survey

NPDC contracted Research First to complete an independent survey of around 500 people about their satisfaction with our services over the previous year. Participants are representative of our district and statistically robust, providing results which have a margin of error of plus or minus 4.3 per cent at the 95 per cent confidence interval. The Research First survey excludes 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. Removing the 'don't knows' from the calculation enables better comparison between our activities, allowing for more informed Council decision-making.

In-house Surveys

The Council also uses a number of in-house surveys for some KPIs. These are used to find the views of users of particular services. The Council does not use sampling methodologies for these surveys that are statistically valid.

Introduction to Council Services

Whakarapopoto ki ngā Ratonga ā-Kaunihera

The table below shows the contribution each Council service makes toward the goals of NPDC’s strategic framework (our community outcomes). A medium rating indicates that the activity **contributes** to the outcome. A high rating indicates the activity makes a **strong contribution** to the outcome. NPDC’s LTP 2021-2031 provides further information on how each service contributes to our community outcomes.



Partnerships



Delivery



Community



Sustainability



Prosperity

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

Community Partnerships

Ngā rangapū ā-hapori

What we do

We offer advice, support and partnerships to encourage a strong and connected community. We also provide a Central City Facilitator and a Housing for the Elderly service.

The Community Partnerships team supports community organisations, educational institutions, iwi, business and central government agencies to plan for and respond to the changing needs of our community. We are a conduit between the Council and the community, keeping aware of the evolving needs of the community, and communicating those needs to councillors and staff.

Our team also manages and distributes NPDC's community grants funding scheme. This includes annual contestable funding for projects and initiatives that meet set criteria, and multi-year partnerships with aligned organisations and groups. We also manage relationships with our funding partners, such as New Plymouth Partners, Toi Foundation and Taranaki Electricity Trust.

The Central City Facilitator is charged with championing a vibrant central city. This role is about encouraging people into the city centre to help revitalise the area and support local business.

Our Housing for the Elderly scheme provides affordable housing for eligible elderly people in the district. We also visit our tenants regularly to support and monitor their well-being.



Significant effects on community well-being

The Community Partnerships service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

Post-Covid, community partnerships faced new challenges due to the changing needs of the community. The team has had continued pressure from oversubscribed community funding and increased cost pressures affecting organisations. In response, the team has had to listen, adapt and deliver to meet the evolving demands.

Balancing Housing for the Elderly rental increases in a way that provides for the self-funding model while providing affordable housing based on market levels (as required by the Housing for the Elderly Policy) has been challenging. Council elected not to increase rents over the Covid period, which combined with strong increases in the rental market has led to a wider gap between rentals and market. While there have been increases in the wait list, bedsits continue to be more challenging to rent and applicants more selective of location and proximity to amenities.

Community Partnerships

Ngā rangapū ā-hapori

Our commitment to you

	Target	Result	Comment
Build strategic relationships that support collaboration, capability and capacity in the community sector.			
The percentage of partners satisfied with NPDC's advice and involvement in community initiatives.	95%	100%	Responses received from 5 of 12 partners surveyed. (2021/22: 100% - Achieved)
The percentage of residents satisfied with NPDC's advice and support to community groups (satisfaction survey ¹).	90%	89%	A review of how we support community groups is underway. This will help us support community groups better in the future. (2021/22: 91% - Achieved)
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	Initiatives were funding workshops for social enterprise, attracting the International Film Festival to New Plymouth and support for youth initiatives in Waitara. (2021/22: Three - Achieved)
Provide effective funding support for community organisations and initiatives.			
The percentage of key performance indicators achieved by recipients of NPDC's grants (as set out in funding contracts).	95%	91%	Some key performance indicators are not being met as organisations have gone through significant change and need capacity building support. (2021/22: 90% - Not achieved)
Effectively coordinate and administer the Housing for the Elderly service.			
The percentage of tenants satisfied with the service.	90%	100%	Responses received from 51 tenants. (2021/22: 98% - Achieved)

¹ All satisfaction survey targets are excluding 'don't know' responses.

Community Partnerships

Ngā rangapū ā-hapori

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		5.17	5.33	5.36	4.87
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		0.07	0.06	0.06	0.06
Fees and charges		1.27	1.24	1.24	1.16
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	0.15	0.15	0.05
Total operating funding (A)		6.51	6.78	6.81	6.14
Applications of operating funding					
Payments to staff and suppliers	1	(5.61)	(4.94)	(4.96)	(4.46)
Finance costs		-	-	-	-
Internal charges and overheads applied		(1.32)	(1.34)	(1.35)	(1.27)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(6.92)	(6.28)	(6.31)	(5.73)
Surplus/(deficit) of operating funding (A - B)		(0.41)	0.50	0.50	0.41
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase/(decrease) in debt	1	(0.02)	1.47	1.47	0.13
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		(0.02)	1.47	1.47	0.13
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	-
- to improve the level of service		(1.73)	(1.49)	(1.49)	(0.15)
- to replace existing assets		(0.23)	(0.11)	(0.11)	(0.13)
(Increase)/decrease in reserves	1	2.39	(0.36)	(0.37)	(0.26)
(Increase)/decrease of investments		-	-	-	-
Total applications of capital funding (D)		0.43	(1.96)	(1.97)	(0.54)
Surplus/(deficit) of capital funding (C-D)		0.41	(0.50)	(0.50)	(0.41)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

- Operating 'payments' are higher than budgeted due to the revaluation of a property purchase in Bell Block. The capital expenditure was funded from reserves and not debt.

Customer and Regulatory Solutions

Ngā Whakatika i ngā Kiritaki me ngā Waeture

What we do

Our service develops, implements and enforces national and local rules that protect the natural and built environment, and public and environmental health.

As the first point of contact for the public, the Customer Services team assists people by telephone, email, or in person at the Civic Centre. We manage the collation and production of Land Information Memoranda reports and make public bookings for three community halls. We also provide case management for cross-council projects and events involving multiple NPDC teams.

Regulatory Services process building, land use, and subdivision consents. We also process food, alcohol, health and encroachment licences, and issue dog licences. We monitor and enforce legislation and bylaws, including parking and noise nuisances. We work with other teams to develop the District Plan and other policies that guide development of the district.

As a Building Consent Authority our building team processes building consents, and provides inspection services through to code of compliance status. As a Territorial Authority (TA), we inspect dangerous and insanitary buildings. We also manage complaints and disputes regarding buildings, and certain earthquake-prone building processes under the Building Act 2004. We are audited biennially to ensure quality standards are foremost in our day to day activities.



Significant effects on community well-being

The Customer and Regulatory Solutions service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on social and economic well-being as we may constrain the ability of individuals or groups to undertake desired activities. This is mitigated through informing the community and having fair and transparent processes.

Significant challenges during the year

Customer Service teams have been impacted with high staff turnover. The loss of knowledgeable people and continual recruitment and training impacts service levels.

The maintenance of parking machine facilities for our customers to pay for parking with their preferred choice of payment of onsite transaction (cash or card) has been challenging this year due to faults affecting the parking machines' performance.

Two new building processes instigated by Central Government, (onsite Building Warrant of Fitness audits and Code Compliance monitoring) has stretched team resources and negatively impacted compliance with statutory timeframes.

Customer and Regulatory Solutions

Ngā Whakatika i ngā Kiritaki me ngā Waeture

Legislative changes introduced by Central Government with the National Policy Statement of Highly Productive Land (NPS-HPL) have impacted the processing of rural subdivision applications due to added complexity. Decisions on the new Proposed District Plan were released in May 2023 impacting consenting trends in the last quarter as more provisions have legal effect, impacting resource consenting.

Our commitment to you

	Target	Result	Comment
Animal control processes contribute to a safe and healthy community.			
The percentage of animal control emergency situations ¹ responded to within two hours.	100%	100%	All emergencies were responded to within two hours. (2021/22: 100% - Achieved)
The percentage of known dogs registered.	95%	93%	There are 11,977 known dogs registered in the district and 920 unregistered dogs, compared to 11,860 registered and 1,013 unregistered in 2021/22. A work plan is being created with an aim to proactively ensure more dogs are registered earlier in the financial year to better enable this target to be met. (2021/22: 92% - Not achieved)
The percentage of residents satisfied with animal control activities (satisfaction survey ²).	90%	86%	Processes will be reviewed to identify any opportunities for efficiencies and to improve customer experiences. (2021/22: 90% - Achieved)
Respond to logged complaints in a timely manner.			
The percentage of formal complaints that receive an interim reply or are resolved within five working days.	90%	88%	There were 276 formal complaints received, compared to 297 in 2021/22. Reporting and monitoring processes will be reviewed to improve interim reply response times. (2021/22: 90% - Achieved)
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 timeframes.	100%	97%	There were 280 official information requests received, compared to 276 in 2021/22. Reporting and monitoring processes will be reviewed to improve compliance with statutory timeframes). (2021/22: 100% - Achieved)

¹ Animal control emergency situations: assisting emergency services, attacks by dogs, stock on roads and injured animals.

² All satisfaction survey targets are excluding 'don't know' responses.

Customer and Regulatory Solutions

Ngā Whakatika i ngā Kiritaki me ngā Waeture

	Target	Result	Comment
Conduct licensing inspections in accordance with statutory requirements.			
All businesses required to be licensed are inspected in accordance with statutory requirements.	100%	100%	NPDC has a total of 234 licensed premises in the district, compared to 224 in 2021/22. (2021/22: 100% - Achieved)
Process consent applications within statutory timeframes.			
The percentage of building applications processed within statutory timeframes (consents and code compliance certificates).	100%	83%	There were 2,596 building applications processed, compared to 3,195 the previous year. Close to 1,500 historic Code Compliance Certificate applications were also processed in addition to the current year applications. Administering the additional historic applications has required reallocating officers on to this workstream, adversely affecting compliance rates. (2021/22: 92% - Not achieved)
The percentage of non-notified resource management consents processed within statutory timeframes.	100%	78%	There were 361 non-notified consents processed, compared to 445 the previous year. The complexity of processing applications due to Central Government's introduction of the NPS - HPL and working under two District Plans has impacted timeframes as industry, professionals and Council adjust to the new legislative requirements. (2021/22: 80% - Not achieved)

Customer and Regulatory Solutions

Ngā Whakatika i ngā Kiritaki me ngā Waeture

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		4.30	4.26	2.83	2.21
Targeted rates		0.04	0.04	0.04	0.04
Subsidies and grants for operating purposes		0.08	-	-	-
Fees and charges	1	8.79	10.30	9.28	9.25
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		0.73	0.78	0.79	0.81
Total operating funding (A)		13.93	15.38	12.94	12.31
Applications of operating funding					
Payments to staff and suppliers	1,2	(11.00)	(10.70)	(8.96)	(8.70)
Finance costs		-	-	-	-
Internal charges and overheads applied		(4.56)	(4.61)	(4.13)	(3.93)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(15.56)	(15.31)	(13.09)	(12.63)
Surplus/(deficit) of operating funding (A - B)		(1.62)	0.07	(0.15)	(0.32)
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase/(decrease) in debt	2	0.52	(0.03)	(0.03)	(0.03)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		0.52	(0.03)	(0.03)	(0.03)
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	-
- to improve the level of service		-	-	-	-
- to replace existing assets	3	(0.30)	(1.88)	(1.11)	(0.05)
(Increase)/decrease in reserves		1.40	1.84	1.30	0.40
(Increase)/decrease of investments		-	-	-	-
Total applications of capital funding (D)		1.11	(0.04)	0.18	0.35
Surplus/(deficit) of capital funding (C-D)		1.62	(0.07)	0.15	0.32
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

- Operating 'fees and charges' received for building consents and parking are lower than budgeted due to a reduction in activity.
- Operating 'payments' are higher than budgeted due to District Plan related costs that have been funded from debt.
- Capital expenditure has been delayed for both the parking machine renewals and Downtown Car Park.

Economic Development

Whakawhanake Ohaoha

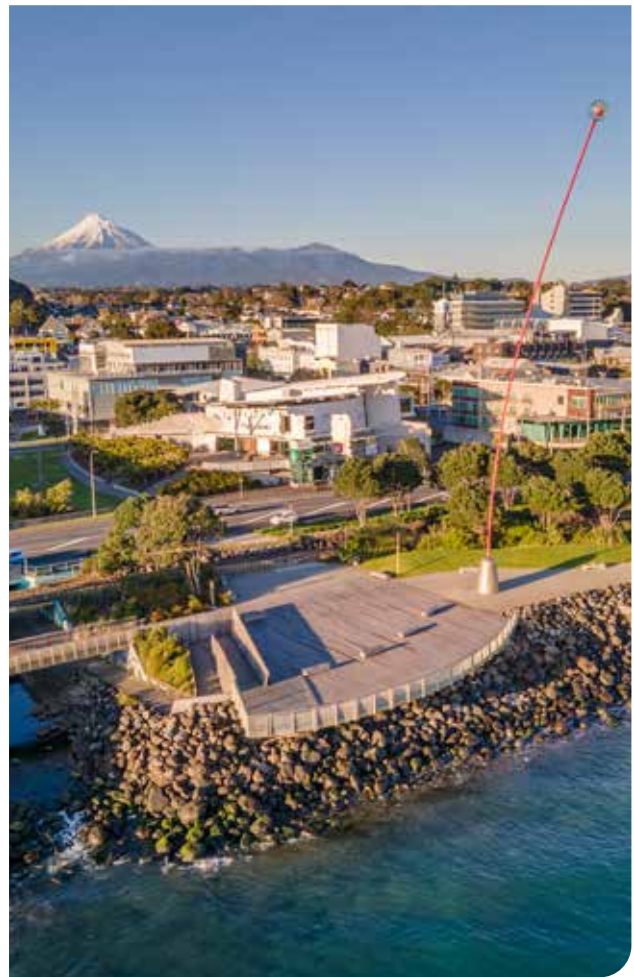
What we do

We work collaboratively to identify and embrace opportunities for economic growth and diversification in the district.

NPDC works with the other Taranaki councils, central government, and a number of agencies in the region to develop and improve the local economy. This includes directly funding and overseeing the Venture Taranaki Trust, a Council Controlled Organisation responsible for promoting regional development and tourism in the district.

Our 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.

This work is complemented by the initiatives and outcomes identified in the Taranaki 2050 Roadmap and their associated pathway action plans. The Taranaki 2050 Roadmap helps direct the priorities for regional development in the region, with a particular focus on transitioning to a low emissions economy.



Significant effects on community well-being

The Economic Development service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

Inflation, and the subsequent increases in cost of living, have created significant challenges for both public and private sectors during the past 12 months. Venture Taranaki's six-monthly Business Survey showed businesses in the region rated wage inflation and cost of materials as their two biggest concerns, however even with steep increases in the average wage, many people are struggling to fill their shopping basket. Skills shortages are another area of concern for the Taranaki business community, with 42 per cent of survey respondents indicating that they are experiencing difficulty in recruiting appropriate staff.

Infrastructure has been another significant challenge this year, with roads proving a particular bugbear for our people. Whilst Taranaki avoided the worst of Aotearoa New Zealand's natural disasters over the past year, there have been concerns raised within the business community about the capacity of our region to withstand natural disasters. Climate resilience will be an increasing area of concern over the next 10 years.

Source: [Venture Taranaki Business Survey June 2023](#)

Economic Development

Whakawhanake Ohaoha

Our commitment to you

	Target	Result	Comment
Promote the New Plymouth District and the Taranaki region as a vibrant and desirable place to work, live, learn, play and invest.			
The number of major events attracted or retained.	4	20	Events contracted were: Americarna 2023; WOMAD 2023; TSB Festival of Lights 2022/23; Spiegel Fest 2022; Summer Friends 2022; Dream 11 Super Smash 2022/23; Chiefs vs Reds 2023; Festival of Light Winter Pop up 2023; Taste & Tales 2023; Tri Taranaki Festival World Cup 2023; Oxfam Trailwalker 2023; Matchbox 20 & the Goo Goo Dolls 2024; Taranaki Beer Festival 2023; NZ Tattoo & Art Festival 2023; Re-imagine Festival 2023; Right Royal Cabaret Festival 2023; Taranaki Arts Trail 2023; Taranaki Fringe Garden Festival 2023; Taranaki Sustainable Backyards Trail 2023; Tour of Taranaki 2024. (2021/22: 13 - Achieved)
Undertaking initiatives to support investment into Taranaki.	5	11	(2021/22: 8 - Achieved)
The number of engagements ¹ with visitor industry operators.	1,000	1,867	(2021/22: 1,706 - Achieved)
The number of talent initiatives ² .	2	11	(2021/22: 23 - Achieved)
Facilitate, promote, and support sustainable business growth, innovation, investment and employment opportunities in Taranaki.			
The level of annual investment in regional businesses (subject to central government policy).	\$1,000,000	\$493,195	\$459,316 in New Plymouth District and \$33,879 in wider Taranaki region. This has not been achieved due to changes in government policy and reduction in grant funding for research and development through Callaghan Innovation. (2021/22: \$1,404,809 - Achieved)
The annual percentage of clients satisfied with Venture Taranaki business support services.	>85%	87%	The survey goes to those who have accessed Venture Taranaki programmes and services. (2021/22: 93% - Achieved)
The level of annual investment ³ in the management capability of Taranaki's small and medium-sized businesses.	\$240,000	\$331,056	\$252,816 in New Plymouth District and \$78,240 Taranaki region. Investment was across 180 vouchers (2021/22: 234 vouchers). (2021/22: \$286,023 - Achieved)
Number of enterprise referrals and connections made by Venture Taranaki staff.	200	746	(2021/22: 579 - Achieved)

¹ Engagement is defined as a significant interaction made with an external party.

² Talent initiatives are those that facilitate the retention, growth or attraction of talent (i.e. human resources) in/into Taranaki.

³ Investment includes capability development and voucher funding as part of the nationwide Regional Business Partner Network.

Economic Development

Whakawhanake Ohaoha

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		4.53	4.53	4.29	4.16
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		-	-		
Total operating funding (A)		4.53	4.53	4.29	4.16
Applications of operating funding					
Payments to staff and suppliers		(3.65)	(3.65)	(3.48)	(3.40)
Finance costs		-	-	-	-
Internal charges and overheads applied		(0.83)	(0.83)	(0.75)	(0.70)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(4.48)	(4.48)	(4.23)	(4.10)
Surplus/(deficit) of operating funding (A - B)		0.05	0.05	0.06	0.06
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-		
Development and financial contributions		-	-		
Increase/(decrease) in debt		(0.02)	(0.02)	(0.02)	(0.01)
Gross proceeds from sale of assets		-	-		
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		(0.02)	(0.02)	(0.02)	(0.01)
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	-
- to improve the level of service		-	-	-	-
- to replace existing assets		-	-		
(Increase)/decrease in reserves		(0.03)	(0.04)	(0.04)	(0.04)
(Increase)/decrease of investments		-	-	-	-
Total applications of capital funding (D)		(0.03)	(0.04)	(0.04)	(0.04)
Surplus/(deficit) of capital funding (C-D)		(0.05)	(0.05)	(0.06)	(0.05)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

There are no material variances for this activity.

Emergency Management and Business Continuance

Whakahaere Wā Mōrearea me te Tōnuitanga Pakihi

What we do

We identify and understand local hazards and risks, building capability and capacity to respond to and recover from emergencies.

As a member of the Taranaki Civil Defence Emergency Management Group (CDEM Group), NPDC works with the three Taranaki councils, the community, and other agencies to plan for and manage responses to emergency events. We also educate our communities about potential hazards and about how to prepare and recover from emergencies associated with these hazards.

We make sure the information we have about hazards and risks in the district is up to date, and review a range of Council plans in accordance with that information.

We also manage NPDC's internal emergency management response outside of civil defence activation, including business continuance. Our systems and processes ensure NPDC can continue to operate as well as possible during an emergency, major or minor.

NPDC also administers the Taranaki Emergency Management Office on behalf of the four local authorities in Taranaki.



Significant effects on community well-being

The Emergency Management and Business Continuance service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

The year was a significant one for emergency management in Aotearoa New Zealand, and a review of the NPDC Crisis and Emergency Management Plans was initiated to align with national guidelines and the Crisis Incident Management System (CIMS). These reviews are currently in progress. It is critical to ensure these plans are reviewed and updated alongside reports from Cyclone Gabrielle and the Auckland floods.

There was also an uptake in demand for community engagements post these events and a challenge with managing and educating the community on NPDC's role during an emergency vs community expectations of our role.

Emergency Management and Business Continuance

Whakahaere Wā Mōrearea me te Tōnuitanga Pakihi

Our commitment to you

	Target	Result	Comment
Ensure NPDC is ready for, can respond to, and can recover from emergencies.			
Emergency processes and plans are reviewed and updated annually.	Emergency plans are reviewed and updated as per exercise schedule	Not achieved	This has not been achieved as a result of staffing changes and recruitment challenges. These plans will be fully reviewed in 2023/24 in the wake of the Emergency Management Bill and reports following Cyclone Gabrielle and the Auckland floods. (2021/22: Achieved)
Recruit, train, and maintain a database of staff and volunteers capable of responding to an emergency.	Maintain 150 recruited and trained staff and volunteers	162	There has been a focus in 2022/23 to identify suitable staff to train within specific function roles in line with the CIMS structure. (2021/22: 136 - Not achieved)
Ensure the NPDC Emergency Operations Centre (EOC) is fit for purpose.	Complete monthly system checks and an annual EOC capability audit	Achieved	(2021/22: Achieved)
Develop and implement an NPDC emergency exercise programme.	Undertake two emergency exercises	Achieved	Three emergency exercises were undertaken - Shakeout (27 October 2022), Portable Water Resilience Assessment (10 November 2022) and Emergency Centre exercise (26 June 2023). (2021/22: Complete NPDC emergency exercise programme - Not achieved)

Emergency Management and Business Continuance

Whakahaere Wā Mōrearea me te Tōnuitanga Pakihi

Assist the New Plymouth community in becoming ready for, responding to, and recovering from emergencies.

<p>Civil Defence centres are identified, assessed and formalised with Memorandum(s) of Understanding.</p>	<p>6</p>	<p>7</p>	<p>Seven Civil Defence centres identified, assessed and formalised with MOUs: Ouae Marae Waitara, North Taranaki Sports Stadium, City West Church, Northpoint Baptist Church, Coastal School, Taranaki Racing Club and Knox Church. (2020/21: Four (target four) - Achieved)</p>
<p>Engage with key community groups, and stakeholders (particularly iwi and hapū) to develop community emergency response capability.</p>	<p>Establish a team that can deliver a community-based emergency response capability</p>	<p>Not achieved</p>	<p>Engagement continues in this area with community groups, stakeholders and iwi. Engagement programmes are delivered that focus on resilience and communities as individuals being prepared for emergencies. (2021/22: Not achieved)</p>

Emergency Management and Business Continuance

Whakahaere Wā Mōrearea me te Tōnuitanga Pakihi

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		1.19	1.19	1.49	1.39
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		1.99	1.57	1.57	1.48
Fees and charges		0.05	-	0.23	0.22
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-
Total operating funding (A)		3.22	2.76	3.29	3.09
Applications of operating funding					
Payments to staff and suppliers		(2.47)	(2.12)	(2.37)	(2.25)
Finance costs		(0.05)	(0.04)	(0.03)	(0.04)
Internal charges and overheads applied		(0.45)	(0.40)	(0.74)	(0.69)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(2.97)	(2.56)	(3.14)	(2.98)
Surplus/(deficit) of operating funding (A - B)		0.26	0.21	0.15	0.11
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase/(decrease) in debt		(0.10)	(0.06)	(0.02)	(0.07)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		(0.10)	(0.06)	(0.02)	(0.07)
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	-
- to improve the level of service		(0.08)	(0.13)	(0.12)	(0.03)
- to replace existing assets		-	-	-	-
(Increase)/decrease in reserves		(0.08)	(0.01)	(0.01)	(0.02)
(Increase)/decrease of investments		-	-	-	-
Total applications of capital funding (D)		(0.16)	(0.14)	(0.13)	(0.05)
Surplus/(deficit) of capital funding (C-D)		(0.26)	(0.21)	(0.15)	(0.12)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

There are no material variances for this activity.

Flood Protection and Control Works

Tiakina Waipuke me ngā Mahinga Whakahaere

What we do

Our flood protection and control works provide flood protection systems to urban areas in the New Plymouth District. We monitor and maintain three flood protection dams and diversion tunnels.



Significant effects on community well-being

The Flood Protection and Control Works service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on social, economic and environmental well-being if flood infrastructure is insufficient to deal with severe storms. This is managed through taking the probability of severe storms into account when designing the capacity of protection systems, and managing development in flood risk areas.

Significant challenges during the year

With the announcement of the Ministry of Business, Innovation and Employment Dam Safety Regulation to start in 2024, several dam safety issues have been identified which will require additional resources to be considered within the coming years to be addressed. They include Highlands Park Dam being identified as a dangerous dam. This issue must be addressed in the short term, while the others will be proposed to be put into an extended programme of work in the Long-Term Plan 2024-2034.

Our commitment to you

	Target	Result	Comment
Effectively maintain NPDC's flood protection and control works.			
Major flood protection and control works are maintained, repaired and renewed in accordance with asset management plans and annual works programme.	Achieved	Achieved	(2021/22: Achieved)

Flood Protection and Control Works

Tiakina Waipuke me ngā Mahinga Whakahaere

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		0.22	0.22	0.30	0.29
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		-	-		
Total operating funding (A)		0.22	0.22	0.30	0.29
Applications of operating funding					
Payments to staff and suppliers		(0.13)	(0.05)	(0.05)	(0.06)
Finance costs		-	-	-	-
Internal charges and overheads applied		(0.04)	(0.12)	(0.20)	(0.18)
Other operating funding applications		-	-		
Total applications of operating funding (B)		(0.17)	(0.18)	(0.25)	(0.24)
Surplus/(deficit) of operating funding (A - B)		0.05	0.05	0.05	0.05
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-		
Development and financial contributions		-	-		
Increase/(decrease) in debt		(0.01)	(0.01)	(0.01)	(0.01)
Gross proceeds from sale of assets		-	-		
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		(0.01)	(0.01)	(0.01)	(0.01)
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-		
- to improve the level of service		-	-		
- to replace existing assets		(0.03)	(0.04)	(0.04)	(0.05)
(Increase)/decrease in reserves		(0.00)	0.01	-	0.01
(Increase)/decrease of investments		-	-		
Total applications of capital funding (D)		(0.04)	(0.04)	(0.04)	(0.04)
Surplus/(deficit) of capital funding (C-D)		(0.05)	(0.05)	(0.05)	(0.05)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

There are no material variances for this activity.

Governance

Kāwanatanga

What we do

We support the Mayor, councillors and community board members to be effective, representative and accountable decision makers. We also make sure people have easy access to the information they need to be involved in Council decision making.

The Governance service supports, facilitates and administers Council, committee and community board meetings and coordinates a range of civic functions. We also provide administrative services for Te Tai Pari Trust, a statutory organisation established by the New Plymouth District Council (Waitara Lands) Act 2018, which allocates funding from the Waitara Perpetual Community Fund. Every three years, we are responsible for managing local authority elections.



Significant effects on community well-being

The Governance service contributes to the social well-being, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

Annual Report 2021/22 was not adopted until 14 March 2023 due to resourcing constraints. This was a nationwide issue.

The Proposed District Plan hearings concluded on 8 December 2022. Council adopted the Commissioner's Recommendations without amendment and the decisions were released on 13 May 2023.

Triennial elections were successfully held in October 2022 based on the new at-large/ward structure (including Council's first Māori Ward – Te Purutanga Mauri Pūmanawa). An induction programme was delivered for the Mayor, 14 councillors and 20 community board members following the election. Following the resignation of a Clifton Community Board member in May 2023 a by-election was initiated. A new member will be elected on Friday 11 August 2023.

Governance

Kāwanatanga

Our commitment to you

	Target	Result	Comment
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.	Full compliance	Achieved	(2021/22: No triennial elections in this year)
Ensure NPDC processes comply with statutory requirements.			
The Long-Term Plan, Annual Plan and Annual Report* are each adopted within statutory timeframes.	Full compliance	Not achieved	Annual Report 2021/22 was not adopted until 14 March 2023 due to resourcing constraints. This was a nationwide issue. (2021/22: Achieved)
Meeting agendas are available as specified by legislation.	Full compliance	Achieved	Meeting agendas provided online within statutory timeframes. Hard copies available to members of the public on request. (2021/22: Achieved)

* The results are for the Annual Plan 2023/24 and Annual Report 2021/22.

Governance

Kāwanatanga

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		4.31	4.31	4.10	4.29
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		0.11	0.08	0.08	0.01
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-
Total operating funding (A)		4.42	4.40	4.18	4.30
Applications of operating funding					
Payments to staff and suppliers		(2.76)	(2.28)	(1.88)	(2.17)
Finance costs		-	-	-	-
Internal charges and overheads applied		(2.22)	(2.20)	(2.26)	(2.19)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(4.98)	(4.48)	(4.14)	(4.36)
Surplus/(deficit) of operating funding (A - B)		(0.56)	(0.09)	0.04	(0.06)
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase/(decrease) in debt		(0.01)	-	(0.01)	(0.01)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		(0.01)	-	(0.01)	(0.01)
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	-
- to improve the level of service		(0.13)	(0.41)	(0.41)	(0.40)
- to replace existing assets		-	-	-	-
(Increase)/decrease in reserves		0.70	0.50	0.38	0.47
(Increase)/decrease of investments		-	-	-	-
Total applications of capital funding (D)		0.57	0.08	(0.03)	0.07
Surplus/(deficit) of capital funding (C-D)		0.56	0.09	(0.04)	0.06
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

There are no material variances for this activity.

Govett-Brewster Art Gallery/Len Lye Centre

Te Whare Toi ā Govett-Brewster me Len Lye

What we do

We provide the community access to innovative and provocative art created by national and international contemporary artists.

The Govett-Brewster Art Gallery/Len Lye Centre presents a dynamic range of contemporary art exhibitions including works by local, national, and international artists. Exhibitions are supported by an extensive programme of public and community events, education programmes, and other opportunities for audiences to engage with art and encourage dialogue about the world we live in.

The Gallery operations also includes the Len Lye Centre exhibitions and archive, a popular cinema and art and design shop. We offer paid tours and venue hire, and regularly publish a range of event and exhibition-based books and publications.



Significant effects on community well-being

The service contributes to the social, economic and cultural well-beings, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

During the year the Gallery was impacted by rising costs of activity, with significant increases in freight costs in particular. Staffing retention was a further challenge, particularly in our Front of House teams. This was underpinned by easing travel restrictions following Covid and the entry-level and shift-based nature of the work, impacting delivery of our visitor services and engagement work. The capacity of the Gallery's permanent collection storage was also a challenge, with insufficient room to safely and accessibly store the collection.

Govett-Brewster Art Gallery/Len Lye Centre

Te Whare Toi ā Govett-Brewster me Len Lye

Our commitment to you

	Target	Result	Comment
Provide access to an engaging range of contemporary art from New Zealand and around the world.			
The annual number of exhibitions on offer.	7	12	The Gallery opened 12 exhibitions during the year, spanning Len Lye (5), contemporary art (5) and long-term installation works (2). (2021/22: 8 - Achieved)
The annual number of visitor entries.	65,000	84,500	The Gallery welcomed 84,500 visitors during the year, well ahead of 63,724 the previous year. Visitors were from New Plymouth District (25%), elsewhere in Taranaki (2%), Auckland (20%), Wellington (13%) and international (16%). (2021/22: 63,724 (target 60,000) - Achieved)
The annual number of audience engagement events ¹ .	55	84	(2021/22: 115 (target 50) - Achieved)
The percentage of residents satisfied with the service (satisfaction survey ²).	65%	72%	(2021/22: 77% - Achieved)
The percentage of customers satisfied with their overall experience at the Govett-Brewster Art Gallery/Len Lye Centre (in-house surveys).	82%	89%	Rounded down from 89.1%. In-house surveys were taken throughout the year, with 340 participants. Results reflect survey responses 'very satisfied' (65.9%), 'satisfied' (23.2%). (2021/22: 93% - Achieved)

¹ These include formal ticketed events such as the Monica Brewster evenings, free and paid gallery and exhibition tours, targeted free events such as Sense Art tours, Gallery Babes and Gallery Seniors, education programmes including Young Visionaries, family art and workshops, and other public talks, lectures, tours and workshops.

² All satisfaction survey targets are excluding 'don't know' responses.

Govett-Brewster Art Gallery/Len Lye Centre

Te Whare Toi ā Govett-Brewster me Len Lye

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		4.45	4.45	4.49	4.30
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		0.20	0.26	0.26	0.26
Fees and charges		0.64	0.54	0.54	0.51
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-
Total operating funding (A)		5.28	5.25	5.29	5.07
Applications of operating funding					
Payments to staff and suppliers		(3.66)	(3.63)	(3.58)	(3.46)
Finance costs		-	-	-	-
Internal charges and overheads applied		(1.28)	(1.39)	(1.49)	(1.38)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(4.94)	(5.02)	(5.07)	(4.84)
Surplus/(deficit) of operating funding (A - B)		0.34	0.23	0.22	0.23
Sources of capital funding					
Subsidies and grants for capital expenditure		0.02	-	-	-
Development and financial contributions		-	-	-	-
Increase/(decrease) in debt		0.14	0.06	0.06	0.06
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		0.16	0.06	0.06	0.06
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	-
- to improve the level of service		(0.19)	(0.08)	(0.08)	(0.08)
- to replace existing assets		(0.05)	(0.14)	(0.14)	(0.13)
(Increase)/decrease in reserves		(0.26)	(0.07)	(0.06)	(0.08)
(Increase)/decrease of investments		-	-	-	-
Total applications of capital funding (D)		(0.51)	(0.29)	(0.28)	(0.29)
Surplus/(deficit) of capital funding (C-D)		(0.34)	(0.23)	(0.22)	(0.23)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

There are no material variances for this activity.

Management of Investments and Funding

Whakahaere o ngā Haumitanga me ngā Pūtea Mōni

What we do

Our role is to develop, manage and protect key NPDC funding sources.

Our service manages all NPDC owned investments. We also manage income not assigned to other Council activities and all of Council's borrowing. This includes:

- NPDC's Perpetual Investment Fund (PIF) managed by the New Plymouth PIF Guardians Ltd.
- One hundred per cent ownership of Papa Rererangi i Puketapu Limited, the Council Controlled Trading Organisation that runs the 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 Assurance Limited and the Local Government Funding Agency.
- Administering Waitara leasehold property leases and freeholding and administering the funds derived according to the New Plymouth District Council (Waitara Lands) Act 2018.



Significant effects on community well-being

The Management of Investments and Funding service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

As with any investment fund, a key challenge is always volatility in the markets and the resulting impact on the value of the PIF. This has resulted in monthly returns fluctuating from positive to negative. However, as the second half of the year saw the markets returning to a more sustainable growth environment, the PIF has closed the year with an overall positive return (refer note 14 (d) net change in PIF investments).

Management of Investments and Funding

Whakahaere o ngā Haumitanga me ngā Pūtea Mōni

Our commitment to you

	Target	Result	Comment
Manage the Perpetual Investment Fund (PIF) to provide sustainable NPDC revenue.			
The annual return from the PIF received by NPDC.	3.3% + CPI + management fees and costs	6.9%	<p>Target was 9.3% (3.3% + CPI + management costs).</p> <p>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 New Plymouth PIF Guardians have a service performance indicator to achieve the total return on the portfolio (net of all costs) measures on a five-year rolling basis; this is currently a target of 3.3% plus NZ inflation (as measured by the Consumer Price Index). The actual return net of costs was 6.9% for the 12 month period to 30 June 2023. The total return of the portfolio for the past five years is 7.6% which is 0.3% above the rolling five-year target.</p> <p>(2021/22: 0.9% (target 11.4%) - Not achieved)</p>
Manage NPDC's borrowing programme in accordance with the Liability Management Policy. ¹			
Debt levels comply with limits set by policy.	All measures met	All measures met	(2021/22: All measures met - Achieved)

¹ The Liability Management Policy is incorporated within the Treasury Management Policy which was updated and approved by the Council on 2 June 2020.

² Council in compliance with all measures as per below:

Measure	Target	2022/23 results	2021/22 results
1. Net debt/revenue	<135%	-96.8%	-107.3%
2. Net interest/revenue	<10%	3.7%	2.9%
3. Net interest/rates income	<20%	6.0%	4.5%
4. Liquidity/external debt	>110%	118.5%	186.5%

The result for measure 1 is negative as the Council's net debt is nil. This is because the Council's liquid assets are greater than borrowings.

Management of Investments and Funding

Whakahaere o ngā Haumitanga me ngā Pūtea Mōni

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		(9.66)	(9.99)	(10.48)	(6.71)
Targeted rates		-	-	-	
Subsidies and grants for operating purposes		-	-	-	
Fees and charges	1	2.13	1.29	3.85	1.29
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts	2	15.95	13.22	12.68	12.14
Total operating funding (A)		8.42	4.51	6.05	6.72
Applications of operating funding					
Payments to staff and suppliers	1	(4.73)	(6.49)	(7.47)	(6.77)
Finance costs		(1.55)	(0.98)	(2.00)	(1.91)
Internal charges and overheads applied		(0.54)	(0.60)	(1.33)	(0.81)
Other operating funding applications		-	-	-	
Total applications of operating funding (B)		(6.82)	(8.06)	(10.80)	(9.49)
Surplus/(deficit) of operating funding (A - B)		1.60	(3.55)	(4.75)	(2.77)
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	
Development and financial contributions		-	-	-	
Increase/(decrease) in debt		(0.77)	(0.75)	(1.35)	(1.90)
Gross proceeds from sale of assets	3	0.69	6.99	6.99	7.39
Lump sum contributions		-	-	-	
Other dedicated capital funding		-	-	-	
Total sources of capital funding (C)		(0.08)	6.24	5.64	5.49
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	
- to improve the level of service		(0.00)	-	-	
- to replace existing assets		-	-	-	
(Increase)/decrease in reserves	3	(1.52)	(2.68)	(0.89)	(2.73)
(Increase)/decrease of investments		-	-	-	
Total applications of capital funding (D)		(1.52)	(2.68)	(0.89)	(2.73)
Surplus/(deficit) of capital funding (C-D)		(1.60)	3.55	4.75	2.76
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

1. Operating 'fees and charges' received are higher than budget as it includes \$0.3m due to additional rates penalties, \$0.2m PIF Guardian fees and \$1.4m PIF management fees.
2. Operating 'other receipts' received also includes \$1.0m additional interest earned and \$0.2m of additional PIF release due to increased CPI.
3. Proceeds from sales of assets and operating 'payments' were lower than budgeted due to a lower volume of sales of Waitara freehold properties and subsequent distributions.

Parks and Open Spaces

Ngā Papa Rēhia me ngā Wāhi Tuwhera

What we do

The Parks and Open Spaces team manages a diverse range of parks, public spaces and public assets in the district.

Our role is to provide, develop and maintain NPDC's recreational facilities and open spaces under the Local Government Act 2002, the Reserves Management Act 1977 and the Resource Management Act 1991. Our assets and services include:

- Pukekura Park.
- Brooklands Zoo.
- 1,600 hectares of local, historic, coastal, esplanade and recreation reserves.
- 49 playgrounds, 21 sports grounds and nine skatepark sites.
- 82 kilometres of walkways, including 12.7 kilometres of Coastal Walkway.
- Campgrounds.
- Public art and monuments.
- 52 public toilets.
- Street trees and urban streetscapes and pocket parks.
- A crematorium and 15 operational cemeteries.



Significant effects on community well-being

The Parks and Open Spaces service contributes to the social, economic, environmental and cultural well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on social well-being because the existing design of parks and open space could lead to crime and injury. This is mitigated through best practice crime prevention and injury prevention through environmental design.

Significant challenges during the year

Significant challenges during the year were weather events like Cyclone Gabrielle and April 2023 coastal storm event that caused widespread damage to trees and coastal structures. Wet conditions through summer to winter have had an impact on sports grounds and other reserves.

Parks and Open Spaces

Ngā Papa Rēhia me ngā Wāhi Tuwhera

Our commitment to you

	Target	Result	Comment
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 (satisfaction survey ¹).	95%	96%	(2021/22: 98% - Achieved)
The percentage of residents satisfied with the quality of the district's urban landscapes and streets (satisfaction survey ¹).	95%	89%	Quality of the district's urban landscapes and streets impacted by weather conditions, particularly the wet summer. (2021/22: 92% - Not achieved)
The percentage of residents satisfied with the quality of the district's sports parks (satisfaction survey ¹).	85%	94%	(2021/22: 95% - Achieved)
The percentage of residents satisfied with the quality of the district's playgrounds (satisfaction survey ¹).	95%	94%	During the year, the Parks and Open Spaces team worked towards improving compliance standards to playgrounds. Some equipment renewal work also occurred, closing some playgrounds. (2021/22: 95% - Achieved)
The percentage of Brooklands Zoo visitors satisfied with the zoo (in-house survey).	90%	96%	One hundred and thirty Brooklands Zoo visitors were surveyed. (2021/22: 100% - Achieved)
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.	80%	84%	(2021/22: 84% - Achieved)
Provide quality public toilets across the district.			
The percentage of the community satisfied with the quality of the district's public toilets (satisfaction survey ¹).	80%	83%	(2021/22: 87% - Achieved)

¹ All satisfaction survey targets are excluding 'don't know' responses.

Parks and Open Spaces

Ngā Papa Rēhia me ngā Wāhi Tuwhera

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		18.56	18.50	17.92	17.14
Targeted rates		-	-	-	
Subsidies and grants for operating purposes		0.06	0.01	0.01	0.01
Fees and charges		2.39	2.09	2.24	2.15
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts		-	-		
Total operating funding (A)		21.00	20.61	20.17	19.30
Applications of operating funding					
Payments to staff and suppliers	1	(13.85)	(12.35)	(12.38)	(11.84)
Finance costs		(0.59)	(0.59)	(0.59)	(0.56)
Internal charges and overheads applied		(3.50)	(3.24)	(2.77)	(2.62)
Other operating funding applications		-	-	-	
Total applications of operating funding (B)		(17.94)	(16.17)	(15.74)	(15.02)
Surplus/(deficit) of operating funding (A - B)		3.06	4.43	4.43	4.28
Sources of capital funding					
Subsidies and grants for capital expenditure		0.10	-	1.54	1.50
Development and financial contributions		0.07	0.57	0.57	0.55
Increase/(decrease) in debt	2	0.18	1.06	1.56	0.46
Gross proceeds from sale of assets		-	-	-	
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		0.34	1.62	3.67	2.51
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		(0.26)	(0.48)	(0.55)	(0.27)
- to improve the level of service	2	(0.90)	(2.00)	(3.97)	(2.98)
- to replace existing assets		(2.68)	(3.56)	(3.82)	(4.83)
(Increase)/decrease in reserves	1	0.43	(0.02)	0.24	1.29
(Increase)/decrease of investments		-	-		
Total applications of capital funding (D)		(3.40)	(6.06)	(8.10)	(6.79)
Surplus/(deficit) of capital funding (C-D)		(3.06)	(4.43)	(4.43)	(4.28)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

- Operating 'payments' are higher than budgeted due to: \$0.5m CBD Strategy costs that have been funded from reserves, \$0.4m storm damage clean up and \$0.5m write off of prior year WIP.
- Capital expenditure is lower than budget due to projects delayed to 2023/24 including the Urenui swing bridge funded from debt and reserves.

Puke Ariki and Community Libraries

Puke Ariki me ngā Whare Pukapuka ā-hapori

What we do

We are an integrated knowledge hub comprising a museum, a central library, five community libraries, a mobile library, a digital library, and a visitor information centre.

Puke Ariki and the Community Libraries provide access to a wealth of quality physical and digital resources to both residents and visitors to the region. We offer a range of knowledge, collections, exhibitions, experiences and information to meet the evolving needs of our communities.

We offer space for people to study and connect in welcoming and inclusive environments. Our dynamic people-orientated facilities protect and promote access to the heritage of the district, to the national heritage of Aotearoa New Zealand, and for lifelong learning opportunities.

The Museum cares for thousands of objects, artworks and archival material. These collections are exhibited in three long-term and three temporary gallery spaces that also host national and international touring exhibitions. They are available for viewing and research by visiting public and increasingly on line.



Significant effects on community well-being

The Puke Ariki and Community Libraries service contributes to the social, economic and cultural well-beings, as outlined in the LTP. There are no negative impacts on community well-being.

Significant challenges during the year

Finding savings and working around increasing freight charges and delays has been a challenge. This has resulted in cancelled Museum exhibitions and sporadic library resource deliveries. The perception of museums is changing and some communities are requesting greater ownership in the care and management of particular objects. Our staff continue to work alongside communities on this.

There is a growing demand for library services, including the traditional lending of resources as well as library spaces being used as a community hub or anchor, especially in the rural communities.

There has been a steady increase in community members requiring assistance in the digital space as central and local government move increasingly to online transactions.

The population growth at Bell Block has seen a significant increase in demand for the Bell Block Library which is no longer considered to be fit for purpose.

Puke Ariki and Community Libraries

Puke Ariki me ngā Whare Pukapuka ā-hapori

Our commitment to you

	Target	Result	Comment
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).	98%	100%	Responses received from 204 customers surveyed. (2021/22: 100% - Achieved)
Ensure library collections, including digital resources, are available to meet the needs of the community.			
The number of items per capita is maintained.	3 to 3.5 items	3.2 items	(2021/22: 3.3 items - Achieved)
Number of annual physical visits across Puke Ariki and community libraries (except during times of closure).			
Average customers per week.	> previous year	9,896 per week	(2021/22: 9,588 per week (target 5,000 per week) - Achieved)
Provide access to online information using public computing devices.			
Free WiFi available and access to online information using public computers and customer devices is available.	Free access at all libraries	Achieved	(2021/22: Achieved)
We offer widely accessible and engaging education programmes and public and community programmes.			
The annual number of programmed learning opportunities on offer.	1,200	2,322	This includes 1,405 facilitated school education programmes (32,321 attendees) conducted throughout Puke Ariki, the Taranaki Research Centre, Discover It! and Community Libraries. (2021/22: 1,017 - Not achieved)
The number of participants attending.	29,000	43,705	(2021/22: 20,079 - Not achieved)
The percentage of participants satisfied with programmes (in-house).	95%	97%	(2021/22: 96% - Achieved)
Provide new, dynamic exhibitions regularly to ensure visitor engagement and repeat visits.			
Refresh of permanent galleries.	1	1	Reef Alive Diorama completed. (2021/22: One - Achieved)
Temporary exhibitions annually.	2	2	<i>Nekenekehia Tukua: A WharehokaSmith exhibition</i> (2 July 2022 to 12 March 2023) and <i>State of Nature – Picturing the Silent Forest</i> (7 April to 5 November 2023). (2021/22: Two - Achieved)

Puke Ariki and Community Libraries

Puke Ariki me ngā Whare Pukapuka ā-hapori

	Target	Result	Comment
Additional exhibitions per year in other Gallery spaces.	4	4	<p><i>Te Ngū Tipua: Ngā Wāhanga Weriweri Colossal Squid: Freaky Features</i> (3 December 2022 to 19 March 2023), <i>Ngā kaiwhao o taimoana: Mai moana uriuri ki tahatai Marine Molluscs: Deep Ocean to Rocky Shore</i> (26 March to 4 June 2023) and <i>Flash Back: Fashion Photography in New Zealand 1930-2015</i> (19 June to 1 October 2023) exhibited in the Lane and Wall Galleries.</p> <p><i>50 Years of Clay</i> (29 April to 30 June 2023) exhibited in Taranaki Research Centre.</p> <p>(2021/22: Four - Achieved)</p>
Provide online access to the heritage collection through a variety of platforms.			
Addition of digital product/experiences and other digital platform exhibitions per year.	4	6	<p>Completed projects include: Education Digital Resources Page, Super Squid game, Visitor Futures – Historic Walk VR Prototype, <i>Memory Lanes</i> online, Kete Migration / Te Rangi Aoao Nunui Upgrade Project and <i>State of Nature</i> StoryMaps Collection.</p> <p>(2021/22: Five - Achieved)</p>

Puke Ariki and Community Libraries

Puke Ariki me ngā Whare Pukapuka ā-hapori

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		12.56	12.56	12.74	11.32
Targeted rates		-	-	-	
Subsidies and grants for operating purposes		0.17	0.56	0.56	0.56
Fees and charges		0.48	0.41	0.41	0.48
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts		-	-		
Total operating funding (A)		13.22	13.53	13.71	12.36
Applications of operating funding					
Payments to staff and suppliers		(7.11)	(7.19)	(7.34)	(6.64)
Finance costs		-	-	-	-
Internal charges and overheads applied		(3.72)	(3.84)	(3.87)	(3.32)
Other operating funding applications		-	-	-	-
Total applications of operating funding (B)		(10.83)	(11.03)	(11.21)	(9.96)
Surplus/(deficit) of operating funding (A - B)		2.39	2.50	2.50	2.40
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		0.04	-	-	-
Increase/(decrease) in debt		(0.16)	(0.06)	0.08	0.09
Gross proceeds from sale of assets		-	-	-	
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		(0.12)	(0.06)	0.08	0.09
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	
- to improve the level of service		(0.10)	(0.14)	(0.10)	(0.05)
- to replace existing assets	1	(1.49)	(2.17)	(2.12)	(1.38)
(Increase)/decrease in reserves	1	(0.68)	(0.15)	(0.36)	(1.06)
(Increase)/decrease of investments		-	-		
Total applications of capital funding (D)		(2.27)	(2.45)	(2.58)	(2.49)
Surplus/(deficit) of capital funding (C-D)		(2.39)	(2.50)	(2.50)	(2.40)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

- Capital expenditure is lower than budget due to projects delayed including exhibition lighting and the lift replacement funded from reserves.

Stormwater Management

Whakahaere Wai Marangai

What we do

Our service collects and disposes of stormwater runoff from urban areas, and manages and maintains our stormwater network.

Stormwater is rainwater that flows from surfaces such as roofs, gardens, footpaths and roads. NPDC's stormwater drainage schemes include New Plymouth, Bell Block, Waitara, Inglewood, Urenui, Ōnaero, Lepperton, Egmont Village, Ōākura and Okato.

To manage stormwater in the district we operate and maintain 312 kilometres of stormwater pipes, and a number of detention areas and engineered wetlands.



Significant effects on community well-being

The Stormwater Management service contributes to the social, economic and environmental well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on social and economic well-being if systems are insufficient to deal with severe storms. This is mitigated through ensuring a consistent level of protection and improving systems where needed. NPDC also acknowledges that there can be a negative impact on environmental and cultural well-being arising from stormwater discharges affecting water quality. This is mitigated by requiring onsite disposal of stormwater where possible, and providing wetland treatment facilities.

Significant challenges during the year

We have experienced two major weather events in the district which tested our network capacity to near its limit due to the sheer volume of water; however, we experienced no flooding of private properties. Climate change is expected to bring more higher intensity storms. Some of the stormwater reticulation will be undersized for these larger rain events. Education is also a key issue. For example we have seen people block overland flow paths with fences and put grass clippings into open drains causing blockages.

Stormwater Management

Whakahaere Wai Marangai

Our commitment to you

	Target	Result	Comment
Provide a stormwater management system that protects people and property.			
The number of flooding events in the district per financial year.	0	0	(2021/22: None - Achieved)
The number of habitable floors affected in each flooding event (per 1,000 properties connected to NPDC's stormwater system).	1 or less	0	(2021/22: None - Achieved)
Comply with all resource consents for discharges from our stormwater system.			
The number of abatement notices received.	0	0	(2021/22: None - Achieved)
The number of infringement notices received.	0	0	(2021/22: None - Achieved)
The number of enforcement orders received.	0	0	(2021/22: None - Achieved)
The number of convictions received.	0	0	(2021/22: None - Achieved)
Respond to service requests in a timely manner.			
Note. The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, Citycare, as part of their contracted responsibilities. This includes travel time. The accuracy of these times have been verified by NPDC.			
The median response time to a flooding event (from the time that NPDC receives notification to the time service personnel reach the site).	One hour	0.55 hours	(2021/22: 0.61 hours - Achieved)
Ensure customers are satisfied with the performance of our stormwater system.			
The number of complaints received about the performance of NPDC's stormwater system (per 1,000 properties connected).	8 or less	3.73	There were 119 complaints from 1,000 connections to the stormwater system. The measure allows for 8 or less complaints for each quarter. (2021/22: 5.56 - Achieved)

Stormwater Management

Whakahaere Wai Marangai

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		3.17	3.17	2.84	2.26
Targeted rates		-	-	-	
Subsidies and grants for operating purposes		(0.00)	-	-	
Fees and charges		0.10	0.01	0.01	0.01
Internal charges and overheads recovered		-	-		
Local authorities fuel tax, fines, infringement fees and other receipts		-	-		
Total operating funding (A)		3.27	3.19	2.85	2.27
Applications of operating funding					
Payments to staff and suppliers	1	(6.18)	(1.38)	(1.36)	(0.78)
Finance costs		(0.57)	(0.18)	(0.18)	(0.16)
Internal charges and overheads applied		(1.04)	(1.03)	(0.71)	(0.66)
Other operating funding applications		-	-		
Total applications of operating funding (B)		(7.78)	(2.59)	(2.25)	(1.60)
Surplus/(deficit) of operating funding (A - B)		(4.51)	0.59	0.60	0.67
Sources of capital funding					
Subsidies and grants for capital expenditure		0.24	-	-	
Development and financial contributions		0.63	0.33	0.33	0.32
Increase/(decrease) in debt	1	4.70	3.16	2.65	1.53
Gross proceeds from sale of assets		-	-		
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		5.56	3.50	2.98	1.85
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		(0.10)	(0.28)	(0.28)	(0.18)
- to improve the level of service	1	(1.53)	(3.62)	(3.11)	(2.07)
- to replace existing assets	2	(2.27)	(1.61)	(1.61)	(0.51)
(Increase)/decrease in reserves	2	2.86	1.42	1.42	0.24
(Increase)/decrease of investments		-	-		
Total applications of capital funding (D)		(1.05)	(4.09)	(3.58)	(2.52)
Surplus/(deficit) of capital funding (C-D)		4.51	(0.59)	(0.60)	(0.67)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

- Operating 'payments' are higher than budgeted due to \$4m opportunity in Waitara to connect with State Highway pipeline, costs include write off of prior year work in progress and have been funded from debt. It also includes additional CCTV of culverts and emergency maintenance required at Mangati pond.
- Capital expenditure is higher than budgeted due to completion of works at Waiwaka Terrace funded from reserves.

Transportation

Ngā waka kawenga

What we do

We manage an efficient transport network enabling the safe and effective movement of people, goods and services around the district.

Transportation operates and maintains the district's existing transport network, and plans and prepares for future growth and development in the district.

Working within a complex mix of policy, legislation, and national and regional strategies, we develop, maintain and renew assets in the network. We also conduct traffic management on all roads except state highways. Our service includes:

- 1,285 kilometres of roads.
- 521 kilometres of footpaths.
- 166 bridges and 97 culverts
- Over 8,000 street lights.
- Over 11,000 traffic signs.
- Five tunnels.
- Cycleways, bus shelters, traffic lights, and traffic management.



Significant effects on community well-being

The Transportation service contributes to the social, economic and environmental well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on all four well-beings.

Social well-being can be impacted through limited opportunities for vulnerable users to cross major roads and severing communities. This is mitigated by providing safe pedestrian crossing facilities and providing education programmes to schools.

Economic well-being can be impacted due to the increasing cost of maintaining and operating the transportation network. This is mitigated through asset management planning.

Environmental well-being can be impacted through the negative impact of motor vehicles. This is mitigated through developing infrastructure and education around sustainable transport modes.

Cultural well-being can be impacted by transport projects impacting on cultural sites and values. This is mitigated by engaging with iwi and others when proposing transport options.

Significant challenges during the year

Council activities have generally been maintained at their existing levels of service, despite keeping a relatively flat (three-year) budget against a high construction inflation impact. However, community satisfaction levels continue to decline. This perception isn't helped by the high number of weather events we had in 2022/23, which principally disrupted our rural links, and the various maintenance issues on the district's state highways (managed by Waka Kotahi), which rub off on Council.

Transportation

Ngā waka kawenga

Our commitment to you

	Target	Result	Comment
Provide a local roading network that is safe for all road users.			
The change from the previous financial year in the number of fatality and serious injury crashes on the district's local roading network.	Reducing	+4	23 fatal and serious injury crashes on New Plymouth District roads, excluding state highways. This is an increase of four from the previous period. Results extracted from Crash Analysis System in July 2023, but data reliability dependent on input timelines in data processing. ¹ (2021/22: -2 - Achieved)
Provide good quality district roads.			
The average quality of ride on the district's sealed local road network, as measured by smooth travel exposure.	89%	85%	Slight decrease, but this should be considered a minimum level of service. (2021/22: 87% (target 88%) - Substantially achieved)
The percentage of residents satisfied with the overall quality of the district's roads (satisfaction survey ²).	85%	51%	Result affected by the condition of the state highways, as customers don't distinguish the roads managed by Council and Waka Kotahi. (2021/22: 62% - Not achieved)

	2022/23		2021/22	
	Change	Actual	Change	Actual
Deaths and Serious Injuries (DSI)				
Fatal crashes	-2	1	+1	3
Serious injury crashes	+6	22	-3	16

² All satisfaction survey targets are excluding 'don't know' responses.

Transportation

Ngā waka kawenga

	Target	Result	Comment
Appropriately maintain the district's sealed roads.			
The minimum percentage of the sealed local road network that is resurfaced.	4%	4.7%	54 km out of 1,145 km of sealed roads were resealed. (2021/22: 7.7% - Achieved)
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.	More than 90% of footpath length surveyed in good or excellent condition	94%	Rounded up from 93.5%. Footpaths in very good or good condition. (2021/22: 88% - Substantially achieved)
Footpath length recorded as failed.	Less than 1% of footpath length recorded as failed	3%	Footpaths in poor or very poor condition rating. A high number of footpath faults picked up at vehicle crossings. Result could be from having new condition rating contractors. (2021/22: 0.3% - Achieved)
Respond to service requests in a timely manner.			
The percentage of roading and footpath related customer service requests responded to within target timeframes. ³	95%	98%	Rounded up from 97.6%. Only 106 from 4,416 service requests were responded to late. (2021/22: 97% - Achieved)
Provide a quality and safe cycle network.			
The percentage of residents satisfied with the quality and safety of the district's cycle network (satisfaction survey ⁴).	85%	71%	The Waka Kotahi Communities at Risk Register does support this survey. New Plymouth District is one of the riskiest places in New Zealand for road cyclists. (2021/22: 86% - Achieved)

³ 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.

⁴ All satisfaction survey targets are excluding 'don't know' responses.

Transportation

Ngā waka kawenga

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		16.06	16.01	15.12	14.27
Targeted rates		4.59	4.60	4.61	4.45
Subsidies and grants for operating purposes		5.16	5.29	4.59	5.83
Fees and charges		1.11	0.94	1.53	0.85
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts		0.59	0.58	0.58	0.58
Total operating funding (A)		27.51	27.41	26.43	25.98
Applications of operating funding					
Payments to staff and suppliers	1	(15.12)	(13.65)	(13.12)	(13.03)
Finance costs		(1.63)	(1.63)	(1.63)	(1.09)
Internal charges and overheads applied		(3.06)	(3.39)	(3.75)	(3.28)
Other operating funding applications		-	-	-	
Total applications of operating funding (B)		(19.81)	(18.67)	(18.50)	(17.40)
Surplus/(deficit) of operating funding (A - B)		7.70	8.74	7.93	8.58
Sources of capital funding					
Subsidies and grants for capital expenditure	2,3	8.12	9.76	9.82	10.38
Development and financial contributions		0.63	0.09	0.09	0.09
Increase/(decrease) in debt	2	3.46	5.15	8.29	4.61
Gross proceeds from sale of assets		-	-	-	
Lump sum contributions		-	-	-	
Other dedicated capital funding		-	-	-	
Total sources of capital funding (C)		12.21	15.01	18.20	15.08
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		(1.14)	(1.04)	(1.49)	(1.08)
- to improve the level of service	2	(8.52)	(7.85)	(14.06)	(7.09)
- to replace existing assets	3	(13.30)	(14.55)	(14.43)	(16.06)
(Increase)/decrease in reserves	1	3.05	(0.29)	3.85	0.59
(Increase)/decrease of investments		-	-	-	
Total applications of capital funding (D)		(19.91)	(23.74)	(26.13)	(23.64)
Surplus/(deficit) of capital funding (C-D)		(7.70)	(8.74)	(7.93)	(8.56)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

1. Operating 'payments' are higher than budgeted for local roads due to maintenance costs funded from reserves.
2. Capital expenditure 'improvements' is higher than budgeted due to planning of 'Transport choices projects' funded from capital subsidies received from Waka Kotahi.
3. Capital expenditure 'renewals' is lower than budgeted due to 'Junction Street bridge renewal' delayed to 2023/24, offset by emergency works from August 2022 storm damage.

Venues and Events

Ngā hinonga me Ngā Whakaaturanga

What we do

We attract and manage a diverse range of events in the district, manage Council-owned venues and operate and manage the district pools.

Our Venues and Events service plans and delivers the annual TSB Festival of Lights, the Home and Lifestyle Expo and a number of civic and community events, including local Waitangi Day celebrations. We also facilitate a number of local events in other parts of the district.

We secure and manage a diverse programme of events at the Bowl of Brooklands, TSB Showplace, TSB Stadium and Yarrow Stadium. Much of our events work is aligned with, and supportive of, the 2020-2030 Taranaki Regional Events Strategy.

We are also responsible for the Todd Energy Aquatic Centre and four community pools which operate over summer. The Aquatic Centre provides for a range of ages and activities, including learn to swim and fitness classes. NPDC also provides financial support for the Bell Block Community Pool.



Significant effects on community well-being

The Venues and Events service contributes to the social, economic and cultural well-beings, as outlined in the LTP.

However, NPDC acknowledges that there can be a negative impact on social well-being due to the risk of inappropriate behaviour associated with patrons of events. This is mitigated through working with the Police and security providers for major events.

NPDC also acknowledges that there can be a negative impact on environmental well-being from events creating external impacts and waste, as well as district pools impacting on water quality. These are mitigated through resource consent processes, a zero waste policy, and meeting relevant standards.

Significant challenges during the year

The events and venues industry continued to feel the lingering impacts of Government's Covid-19 restrictions. In particular returning to a standard supply of many support business services, including those in the fields of lighting, technical, and event staff, with some businesses permanently closing because of the pandemic. Government's Covid-19 restrictions also disrupted the flow of international lifeguards, further impacting the already short supply of senior lifeguards available. Despite these matters, a heavy demand on our venues continued and balancing the needs of users and event delivery was an ongoing challenge.

Some aging facilities also required additional unplanned or budgeted maintenance matters to be addressed.

The ongoing rebuild of Yarrow Stadium facilities during the year restricted the level of business at the venue.

Venues and Events

Ngā hinonga me Ngā Whakaaturanga

Our commitment to you

	Target	Result	Comment
Provide high quality pools that encourage community participation in aquatic activities.			
The percentage of residents satisfied with NPDC's swimming facilities (satisfaction survey ¹).	94%	92%	Survey results may have been impacted by earlier closure of community pools due to staffing and aging facilities. (2021/22: 93% - Substantially achieved)
The number of pool patrons per year.	390,000	362,837	Numbers impacted by the earlier closure of community pools due to a lack of staffing, some hesitancy to return with Covid still circulating and possibly the entry fee increase. (2021/22: 227,032 - Not achieved)
Provide a range of appealing events at high quality venues.			
The percentage of residents satisfied with NPDC's events (satisfaction survey ¹).	95%	94%	(2021/22: 93% - Substantially achieved)
The percentage of residents satisfied with NPDC's events venues (satisfaction survey ¹).	93%	96%	(2021/22: 96% - Achieved)
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.	280,000 attendees	301,816 attendees	2021/22: 170,665 (target 260,000 attendees - Not achieved)
	1,000 events	949 events	Although the number of events was not met, the number of attendees exceeded. Events delivered were held over longer periods but had higher volume of attendees. (2021/22: 1,001 - Achieved)

¹ All satisfaction survey targets are excluding 'don't know' responses.

Venues and Events

Ngā hinonga me Ngā Whakaaturanga

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		10.17	10.17	9.53	8.72
Targeted rates		-	-	-	
Subsidies and grants for operating purposes		0.94	0.89	0.84	0.82
Fees and charges		4.94	4.30	4.39	3.44
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	
Total operating funding (A)		16.05	15.37	14.76	12.98
Applications of operating funding					
Payments to staff and suppliers		(10.36)	(10.41)	(10.12)	(8.44)
Finance costs		-	-	-	
Internal charges and overheads applied		(3.06)	(3.02)	(2.69)	(2.61)
Other operating funding applications		-	-	-	
Total applications of operating funding (B)		(13.41)	(13.42)	(12.81)	(11.05)
Surplus/(deficit) of operating funding (A - B)		2.64	1.95	1.95	1.93
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	
Development and financial contributions		0.14	0.03	0.03	0.03
Increase/(decrease) in debt		2.17	2.34	2.92	0.07
Gross proceeds from sale of assets		-	-	-	
Lump sum contributions		-	-	-	
Other dedicated capital funding		-	-	-	
Total sources of capital funding (C)		2.32	2.37	2.95	0.10
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		(0.27)	(0.35)	(0.35)	(0.07)
- to improve the level of service		(2.07)	(2.42)	(3.01)	(0.55)
- to replace existing assets		(1.10)	(1.03)	(1.14)	(2.12)
(Increase)/decrease in reserves		(1.52)	(0.52)	(0.40)	0.72
(Increase)/decrease of investments		-	-	-	
Total applications of capital funding (D)		(4.96)	(4.31)	(4.90)	(2.02)
Surplus/(deficit) of capital funding (C-D)		(2.64)	(1.95)	(1.95)	(1.92)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

There are no material variances for this activity.

Waste Management and Minimisation

Whakahaere Para me tāna Whakaitinga

What we do

We promote zero waste and waste minimisation in the district. We also manage kerbside collection, and operate four rural transfer stations and the New Plymouth Resource Recovery Facility.

Our kerbside contractors collect around 5,300 tonnes of recyclable materials, 1,500 tonnes of food scraps and 7,800 tonnes of landfill waste from more than 30,200 residential premises (and schools) in defined areas of the district each year.

The Resource Recovery Facility and our four rural transfer stations handle non-hazardous solid waste, including around 800 tonnes of green waste, 1,300 tonnes of recyclable materials and 16,800 tonnes of landfill waste per year.

The Resource Recovery Facility includes the Junction Zero Waste Hub and a transfer station run by a private operator. This facility also accepts 2,400 tonnes of recycling from the Stratford and South Taranaki districts. The Junction Zero Waste Hub diverts more than 180 tonnes of reusable or upcycled items, accepts electronic waste for recycling and provides over 52 education tours and workshops per year. The facility's transfer station consolidates and transports landfill waste to a Class 1 landfill outside the Taranaki Region.

We deliver behaviour change and waste minimisation educational programmes to various communities, businesses and schools across the district, focusing on waste reduction, reuse and recycling.



Significant effects on community well-being

The Waste Management and Minimisation service contributes to the social, economic and environmental well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on all four well-beings.

Social and economic well-being can be impacted by the cost of waste disposal which can impact households and businesses and can result in illegal dumping. This is mitigated by community engagement and increasing accessibility to services and providing cost-effective reuse and recycling alternatives to landfill disposal.

Environmental well-being can be impacted through the landfill releasing substances such as greenhouse gases and leachate. This is mitigated through diverting waste from landfill and using best management landfill practice.

Cultural well-being can be impacted by disposal impacting on cultural values. This is mitigated through best practice landfill management and by engaging with different cultures on waste management options.

Waste Management and Minimisation

Whakahaere Para me tāna Whakaitinga

Significant challenges during the year

Nationally the waste sector has been going through a period of significant change with the release of the Te Rautaki Para / New Zealand Waste Strategy in March 2023. This strategy outlines a 2050 road map to a low-emissions, low waste society built upon a circular economy, alongside the Resource Management Act reform work. During the year, regional collaboration across the district councils to develop draft Waste Management and Minimisation Plans have incorporated this national direction to ensure the region is well set up to implement a Taranaki circular economy. These plans will be consulted on and adopted in 2023/24.

Following two years of Covid-19 impacted services, the 2022/23 year was less disrupted by the pandemic and progress with waste reduction has started to improve, although not to the extent targeted in the LTP. The kerbside collection service has not achieved the service performance standard as reflected in the higher number of complaints received particularly relating to delayed collections. This has largely been due to staff shortages for qualified collection drivers nationally, as well as an aging truck fleet as the current contract nears the end of its term. Focus has been on an improvement plan to ensure the expected service level continues to be delivered and the new contract has been recently tendered and is due to start on 1 October 2024. Despite these challenges, the community continues to be engaged in the services provided by the Council with a high level of customer satisfaction (84 per cent). There is increasing demand for behaviour change and education services, particularly in the commercial and events sectors, where waste minimisation and emissions reduction initiatives are becoming more embedded in business as usual.

Capital and operational costs increased during the year. This reflects the increase in costs for materials, transport and labour nationally, as a result of previous supply chain issues and inflation resulting from the pandemic. However, after delays in the previous 2021/22 year, the construction of a new transfer station at Colson Road and a commercial waste sorting facility were completed during the year. The permanent Junction building is now the only remaining step to complete the Zero Waste Hub at Colson Road. This is being constructed in 2023/24. The Colson Road Landfill continues to be progressively capped and during the construction season the repair of the Stage 2 cap was completed, and two thirds of the Stage 3 cap is also completed. Capping is likely to be continue over the next one or two construction seasons.

Waste Management and Minimisation

Whakahaere Para me tāna Whakaitinga

Our commitment to you

	Target	Result	Comment
Encourage district-wide waste minimisation.			
The reduction in total landfill waste generated per capita in the district (measured as a year on year percentage).	5%	3%	311kg per capita (2021/22: 320kg). Opening of The Sorting Depot delayed meaning target reduction not quite achieved. (2021/22: 2% increase (target 1%) - Not achieved)
The reduction in landfill waste generated per household (measured as a year on year percentage).	5%	1%	258kg per household (2021/22: 261kg). Since the pandemic, ongoing waste reduction at home continues to be a challenge. This is likely to reflect a number of factors such as more residents working from home, or other social factors resulting in reducing priority and engagement in use of waste services. Further work on encouraging residents to make the best use of Council services will be needed to continue to achieve ongoing waste reduction. (2021/22: 7% increase - Not achieved)
Comply with all resource consents related to waste management and minimisation.			
The number of abatement notices received.	0	0	(2021/22: None - Achieved)
The number of infringement notices received.	0	0	(2021/22: None - Achieved)
The number of enforcement orders received.	0	0	(2021/22: None - Achieved)
The number of convictions received.	0	0	(2021/22: None - Achieved)
Ensure customers are satisfied with our waste management and minimisation service.			
The number of complaints about the Council's waste management and minimisation service received (per 1,000 customers).	2 or less	2.72	There have been 83 complaints from 33,050 customers. The measure allows for 16.5 or less complaints for each quarter. Performance has been affected by delays to collection services as a result of staff shortages and vehicle breakdowns. (2021/22: 1.98 - Achieved)

Waste Management and Minimisation

Whakahaere Para me tāna Whakaitinga

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		3.66	3.91	3.93	4.10
Targeted rates		5.50	5.53	5.21	5.07
Subsidies and grants for operating purposes		0.00	-	-	
Fees and charges	1	4.05	7.03	7.68	3.18
Internal charges and overheads recovered		-	-		
Local authorities fuel tax, fines, infringement fees and other receipts		-	-		
Total operating funding (A)		13.21	16.47	16.82	12.35
Applications of operating funding					
Payments to staff and suppliers	1,2	(10.66)	(14.21)	(13.94)	(10.08)
Finance costs		-	-	-	
Internal charges and overheads applied		(2.52)	(2.47)	(2.04)	(1.76)
Other operating funding applications		-	-		
Total applications of operating funding (B)		(13.17)	(16.68)	(15.98)	(11.84)
Surplus/(deficit) of operating funding (A - B)		0.04	(0.21)	0.84	0.51
Sources of capital funding					
Subsidies and grants for capital expenditure		0.03	-	-	0.42
Development and financial contributions		-	-	-	
Increase/(decrease) in debt	3	1.76	(0.05)	(0.16)	(0.22)
Gross proceeds from sale of assets		-	-	-	
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		1.79	(0.05)	(0.16)	0.20
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		-	-	-	
- to improve the level of service	3	(2.23)	(3.97)	(3.97)	(1.27)
- to replace existing assets		(1.06)	(0.19)	(0.19)	(0.91)
(Increase)/decrease in reserves	2	1.47	4.41	3.48	1.47
(Increase)/decrease of investments		-	-	-	
Total applications of capital funding (D)		(1.83)	0.26	(0.68)	(0.71)
Surplus/(deficit) of capital funding (C-D)		(0.04)	0.21	(0.84)	(0.51)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

- Operating 'fees and charges' and 'payments' are lower than budget due to the delay opening the Commercial Material Recovery Facility.
- Operating 'payments' are lower than budget due to the difference between the decrease in costs due to the delay of the Commercial Material Recovery Facility and the increase in addition transportation costs for kerbside waste.
- Capital expenditure is lower than budgeted due to delay of 'Junction permanent building' to 2023/24 to be funded from reserves.

Wastewater Treatment

Rāwekeweke Waipara

What we do

This service collects and treats domestic and industrial wastewater, returning clean water to the environment and converting treated sludge into a commercially sold bio fertiliser.

Our activities include operating and maintaining a network of infrastructure to collect and treat sewage from the urban areas of New Plymouth, Bell Block, Waitara, Inglewood and Ōākura.

The wastewater network comprises a centralised treatment plant, 33 pump stations and 685 kilometres of sewer network. On average, we handle 25 million litres of wastewater each day, servicing more than 27,000 properties. We also monitor the flow of trade waste into the network.

Part of the treatment process includes using a thermal dryer to convert treated by-products into a commercial biosolid fertiliser called Bioboost, which is available commercially.



Significant effects on community well-being

The Wastewater Management service contributes to the social, economic and environmental well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on all four well-beings.

Social, environmental and cultural well-being can be impacted by the risk of overflows into rivers and streams. This is mitigated through regular inspections, maintenance, and renewals.

Economic well-being can be impacted through service failure impacting on local industries. This is mitigated through ensuring resilience in networks.

Significant challenges during the year

Our wastewater reticulation was under pressure due to the rain events experienced during the year. We managed to have had no major overflows. Education remains an important issue as some people continue to flush fat or other items such as rags down toilets which cause blockages in the reticulation. Some parts of our reticulation is close to the end of its life and a renewals programme is being implemented. We have signed contracts for the renewal of the Thermal Drying Facility which produces bioboost and construction has started in the new financial year.

Wastewater Treatment

Rāwekeweke Waipara

Our commitment to you

	Target	Result	Comment
Provide an effective wastewater treatment and disposal system.			
The number of dry weather sewerage overflows per 1,000 connections to the wastewater system.	1.5	0.16	There were five dry weather unauthorised discharges from the sewerage system (2021/22: 5). The number of connections for 2022/23 was 30,856 (2021/22: 30,595). (2021/22: 0.16 - Achieved)
Comply with all resource consents for wastewater discharge from our system.			
The number of abatement notices received.	0	1	One abatement notice received. A sewer crossing over the Waimea Stream off Clawton Street had a leak which was repaired. No further action. (2021/22: None - Achieved)
The number of infringement notices received.	0	0	(2021/22: None - Achieved)
The number of enforcement orders received.	0	0	(2021/22: None - Achieved)
The number of convictions received.	0	0	(2021/22: None - Achieved)
Respond to customer and maintenance requests in a timely manner.			
Note. The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, Citycare, as part of their contracted responsibilities. This includes travel time. The accuracy of these times have been verified by NPDC.			
The median response time to sewerage overflow callouts (from the time NPDC receives notification to the time that service personnel reach the site).	1 hour or less	0.64	(2021/22: 0.70 - Achieved)
The median resolution time for sewerage overflow callouts (from the time NPDC receives notification to the time that service personnel confirm resolution of the fault or interruption).	4 hours or less for sewers <250 dia	2.02	(2021/22: 2.49 - Achieved)
	8 hours or less for sewers ≥ 250 dia	0	(2021/22: No callouts - Achieved)
Ensure customers are satisfied with the wastewater treatment and disposal service.			
The total number of complaints received about sewerage odour; system faults or blockages; or NPDC's response to issues with the sewerage system (per 1,000 connected properties).	13 or less	5.38	There were 166 complaints from 30,856 connections to the wastewater system. The measure allows for 0.49 or less complaints for each quarter. (2021/22: 8.37 - Achieved)

Wastewater Treatment

Rāwekeweke Waipara

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		-	-	-	-
Targeted rates		16.49	16.58	19.73	15.12
Subsidies and grants for operating purposes		(0.00)	-	-	0.50
Fees and charges		2.68	2.41	2.41	2.40
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts		-	-		
Total operating funding (A)		19.17	18.98	22.14	18.02
Applications of operating funding					
Payments to staff and suppliers	1	(8.07)	(6.88)	(7.13)	(6.57)
Finance costs		(2.58)	(1.74)	(1.74)	(1.68)
Internal charges and overheads applied		(6.34)	(6.05)	(5.43)	(4.93)
Other operating funding applications		-	-	-	
Total applications of operating funding (B)		(16.99)	(14.67)	(14.30)	(13.18)
Surplus/(deficit) of operating funding (A - B)		2.18	4.31	7.84	4.84
Sources of capital funding					
Subsidies and grants for capital expenditure		8.73	7.94	5.97	10.46
Development and financial contributions		0.80	1.57	1.57	1.51
Increase/(decrease) in debt	2,3	11.58	7.56	3.76	1.69
Gross proceeds from sale of assets		-	-		
Lump sum contributions		-	-		
Other dedicated capital funding		-	-		
Total sources of capital funding (C)		21.11	17.07	11.30	13.66
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		(2.83)	(3.89)	(2.75)	(3.62)
- to improve the level of service	2	(21.71)	(15.68)	(10.69)	(10.89)
- to replace existing assets	3	(4.16)	(7.88)	(8.16)	(5.80)
(Increase)/decrease in reserves	1	5.40	6.07	2.46	1.81
(Increase)/decrease of investments		-	-		
Total applications of capital funding (D)		(23.30)	(21.38)	(19.14)	(18.50)
Surplus/(deficit) of capital funding (C-D)		(2.18)	(4.31)	(7.84)	(4.84)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

1. Operating 'payments' are higher than budget due to increased cost of operations at New Plymouth Wastewater Treatment Plant, also includes write off prior year work in progress.
2. Capital expenditure is higher than budgeted due to land purchases for 'Urenui and Onaero Wastewater Treatment Plant' opportunity funded from increased debt.
3. Capital expenditure 'renewals' is lower than budgeted due to projects delayed to 2023/24 with funding from debt.

Water Supply

Whakaputunga Wai

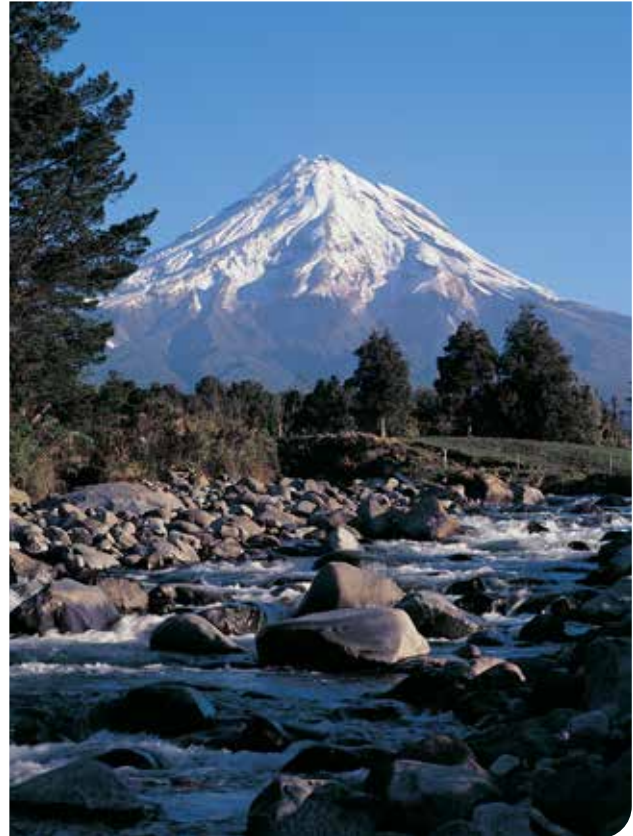
What we do

We treat and distribute water sourced from rivers and groundwater bores in the district to provide our community with a reliable and sustainable supply of fresh water.

There are four separate water supplies in the district - New Plymouth (including Omata, Bell Block, Waitara and Urenui), Inglewood, Ōākura and Okato. Combined, these facilities supply approximately 33.2 million litres of water per day to just over 30,000 households and businesses in defined urban and rural areas.

Our service develops, operates and maintains infrastructure associated with these water supplies, which includes treatment plants, pump stations, pipe networks and storage facilities such as reservoirs.

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



Significant effects on community well-being

The Water Supply service contributes to the social, economic and environmental well-beings, as outlined in the LTP. However, NPDC acknowledges that there can be a negative impact on all four well-beings.

Social well-being can be impacted if water provided is not safe. This is mitigated by operating our water supply in accordance with Drinking Water Standards.

Economic well-being can be impacted if water supply is not reliable. This is mitigated through providing network resilience.

Environmental and cultural well-being can be impacted by the extracting of water from streams and aquifers. This is mitigated by demand management and promoting water efficiency.

Significant challenges during the year

Some parts of our reticulation is close to the end of its life and a renewals programme is being implemented. This includes improving the fire fighting capacity in some parts of the network.

We have looked into options for supplementing our water supply over the last year.

The water meter project continues to be rolled out. This has already provided much information on water leaks which we have been able to locate and fix.

Water Supply

Whakaputunga Wai

Our commitment to you

	Target	Result	Comment
Provide water that is safe to drink.			
Our level of compliance with Part 4 of the Drinking-water Standards (bacteria compliance criteria).	Full compliance	Substantially achieved	Full compliance to 31 December 2022. From 1 January 2023, full compliance with Drinking-water Standards (DWS) and non compliant with the Drinking-water Quality Assurance Rules (DWQAR).* (2021/22: Full compliance - Achieved)
Our level of compliance with Part 5 of the Drinking-water Standards (protozoal compliance criteria).	Full compliance	Full compliance	Full compliance for all Water Treatment Plants - New Plymouth, Inglewood, Oakura and Okato. (2021/22: Full compliance - Achieved)
Maintain the reticulated water network in good condition.			
The percentage of real water loss from NPDC's networked reticulation system. ¹	20% or less	19%	(2021/22: 20% - Achieved)
Respond to faults and unplanned interruptions to the water supply network in a timely manner.			
Note. The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, Citycare, as part of their contracted responsibilities. This includes travel time. The accuracy of these times have been verified by NPDC.			
The median response time to urgent callouts (from the time that NPDC receives notification to the time that service personnel reach the site).	1 hour or less	0.58	(2021/22: 0.62 - Achieved)
The median resolution time for urgent callouts (from the time NPDC receives notification, to the time that service personnel confirm resolution of the fault or interruption).	4 hours or less for mains <250 dia	1.51	(2021/22: 1.45 - Achieved)
	8 hours or less for sewers ≥ 250 dia	No callouts	(2021/22: No callouts - Achieved)
The median response time to non-urgent callouts (from the time NPDC receives notification to the time that service personnel reach the site).	70 hours or less	42.76	(2021/22: 43.65 - Achieved)
The median resolution time for non-urgent callouts (from the time NPDC receives notification to the time that service personnel confirm resolution of the fault or interruption).	116 hours or less	64.88	(2021/22: 92.88 - Achieved)

¹ Water loss calculation: We calculate the percentage of water loss by dividing the annual volume of water loss by the total amount of treated water supplied for the year (obtained from water meter records from the Water Treatment Plant). To calculate the annual volume of water loss, we determine the minimum night flow (the average flow between 2am and 4am for the lowest 20 days of the year divided by the number of connections) and subtract the legitimate night usage per property (assumed to be six litres per property per hour). The difference is the estimated volume of water loss per property.

To get the annual volume of water loss, we multiply the estimated volume of water loss per property by the number of connections, and then multiply that figure by 365.

Water Supply

Whakaputunga Wai

	Target	Result	Comment
Ensure 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"> drinking water clarity, taste or odour; drinking water pressure or flow; continuity of supply; and NPDC's response to any of these issues. 	16 or less	16.91	There were 492 complaints from 29,094 connections to the water system. The measure allows for 16 or less complaints for each quarter. (2021/22: 23.14 - Not achieved)
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.	300 litres per day	315 litres per day	Larger data set available through Universal Water Meter project provided better representative consumption number. (2021/22: 304 litres - Substantially achieved)
The number of abatement notices received.	0	0	(2021/22: None - Achieved)
The number of infringement notices received.	0	0	(2021/22: None - Achieved)
The number of enforcement orders received.	0	0	(2021/22: None - Achieved)
The number of convictions received.	0	0	(2021/22: None - Achieved)

* Water Supply Component per Water Treatment Plant (WTP) and Distribution Zone (DZ)	Result 1 July to 31 December 2022 based on DWS 2018	Result 1 January to 30 June 2023 based on DWS 2022 and DWQAR	Comments
New Plymouth WTP	Full compliance	Full compliance	
Inglewood WTP	Full compliance	Full compliance	
Oakura WTP	Full compliance	Full compliance	
Okato WTP	Full compliance	Full compliance	
Bell Block DZ	Full compliance	Not compliant	Non-compliant with the sampling rules for one month ⁺ , but fully compliant with the Drinking Water Standards [^] .
New Plymouth DZ	Full compliance	Not compliant	
Urenui/Tikorangi DZ	Full compliance	Not compliant	
Inglewood DZ	Full compliance	Not compliant	
Oakura DZ	Full compliance	Not compliant	
Okato DZ	Full compliance	Not compliant	
Waitara DZ	Full compliance	Not compliant	Non-compliant with the sampling rules for two months ⁺ , but fully compliant with the Drinking Water Standards [^] .

⁺ Compliance period is one month. Non-compliant with the rules D3.29 as results for total coliforms were not obtained for one sample in one month in the distribution zones and two samples in two months for one distribution zone.

[^] There is no MAV for total coliforms in the standards and the test results for total coliforms have no bearing on compliance with the Standards. The key bacteriological measure E.coli was fully compliant as noted by our 3rd party auditor. This is a technical non-compliance and the water was safe to drink at all times.

Water Supply

Whakaputunga Wai

Funding Impact Statement for the year ended 30 June 2023

	Notes	Actual 2022/23 (\$m)	A/Plan 2022/23 (\$m)	LTP 2022/23 (\$m)	LTP 2021/22 (\$m)
Sources of operating funding					
General rates, uniform annual charges, rates penalties		-	-	-	
Targeted rates		14.93	14.89	15.91	14.82
Subsidies and grants for operating purposes		0.08	-	-	
Fees and charges		0.32	0.22	0.23	0.22
Internal charges and overheads recovered		-	-	-	
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	
Total operating funding (A)		15.34	15.12	16.14	15.04
Applications of operating funding					
Payments to staff and suppliers	1,2	(6.63)	(5.37)	(5.66)	(7.22)
Finance costs		(2.72)	(1.70)	(1.70)	(1.49)
Internal charges and overheads applied		(4.64)	(4.80)	(4.78)	(4.37)
Other operating funding applications		-	-	-	
Total applications of operating funding (B)		(13.99)	(11.88)	(12.14)	(13.08)
Surplus/(deficit) of operating funding (A - B)		1.35	3.24	4.00	1.96
Sources of capital funding					
Subsidies and grants for capital expenditure		0.28	-	-	
Development and financial contributions		0.72	0.48	0.48	0.46
Increase/(decrease) in debt	2	4.41	3.09	4.36	4.76
Gross proceeds from sale of assets		-	-	-	
Lump sum contributions		-	-	-	
Other dedicated capital funding		-	-	-	
Total sources of capital funding (C)		5.41	3.57	4.84	5.22
Applications of capital funding					
Capital expenditure:					
- to meet additional demand		(4.44)	(3.59)	(4.85)	(2.98)
- to improve the level of service		(0.71)	(1.20)	(1.25)	(1.50)
- to replace existing assets		(7.61)	(7.40)	(8.45)	(6.14)
(Increase)/decrease in reserves	1	6.00	5.38	5.71	3.44
(Increase)/decrease of investments		-	-	-	
Total applications of capital funding (D)		(6.76)	(6.81)	(8.84)	(7.18)
Surplus/(deficit) of capital funding (C-D)		(1.35)	(3.24)	(4.00)	(1.96)
Funding balance (A-B) + (C-D)		-	-	-	-

Variance explanation Actual 2022/23 to Annual Plan 2022/23

1. Operating 'payments' are higher than budget due to increased cost of operations at New Plymouth Water Treatment Plant, and urgent reservoir maintenance funded from renewals.
2. Operating 'payments' are higher than budget and also includes ongoing works to remove Mangorei low head dam funded from debt.

A person in a white dress is dancing on a stage. The stage is illuminated with vibrant neon lights in shades of blue, green, and pink. The person's dress is flowing, and they are captured in a dynamic pose. The background is dark, making the neon lights stand out prominently.

Financial Statements

Ngā Tauāki Pūtea

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Financial Statements

Ngā Tauāki Pūtea

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2023

	NOTES	COUNCIL			GROUP	
		2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
OPERATING REVENUE						
Rates	4	117,562	117,440	110,387	117,460	110,301
Subsidies and grants	5	25,597	25,750	22,930	28,482	25,783
Development and financial contributions		3,045	3,080	3,315	3,045	3,315
Other revenue	6	35,402	42,100	50,145	44,723	54,581
Interest revenue	27	2,635	1,630	1,502	2,104	942
Investment revenue	6	26,705	20,910	3,824	26,705	4,262
Total operating revenue		210,946	210,910	192,103	222,519	199,184
OPERATING EXPENDITURE						
Personnel costs	7	(55,336)	(54,600)	(50,818)	(58,918)	(54,133)
Other expenses	8	(107,437)	(82,959)	(83,168)	(110,920)	(85,641)
Waitara Lands Act distributions	15	(1,484)	(4,901)	(3,277)	(1,484)	(3,277)
Depreciation and amortisation expenses	9,11	(51,220)	(45,050)	(43,016)	(53,280)	(44,857)
Interest expense	27	(9,671)	(6,860)	(6,468)	(9,672)	(6,468)
Total operating expenditure		(225,148)	(194,370)	(186,747)	(234,274)	(194,376)
Share of joint ventures surplus	13	(237)	-	1	(237)	1
Surplus before taxation		(14,439)	16,540	5,357	(11,992)	4,809
Income tax refund	22	-	-	-	(754)	110
SURPLUS AFTER TAXATION		(14,439)	16,540	5,357	(12,746)	4,919
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Net gain/(loss) on property, plant and equipment and equipment revaluations	23	(7,984)	-	484,863	(551)	491,911
Financial assets at fair value through other comprehensive revenue and expense	23	(21)	-	111	(21)	111
Deferred tax on property revaluation	23	-	-	-	(2,333)	(1,771)
Deferred tax transfers	23	-	-	-	14	(32)
Total other comprehensive revenue and expense		(8,005)	-	484,974	(2,891)	490,219
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(22,444)	16,540	490,331	(15,637)	495,138

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 2.

Financial Statements

Ngā Tauāki Pūtea

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	NOTES	COUNCIL			GROUP	
		2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
CURRENT ASSETS						
Cash and cash equivalents	16	45,939	24,290	35,971	51,156	39,602
Debtors and other receivables	17	20,961	18,700	17,623	21,824	18,310
Investment in CCOs and other similar entities	14	-	4,150	3,299	-	-
Other financial assets	14	286,000	355,140	251,507	286,501	252,008
Intangible assets	11	9	-	9	9	9
Inventory		149	150	155	149	154
Available-for-sale financial assets		-	380	-	-	-
Derivative financial instruments		190	-	-	190	-
Total current assets		353,248	402,810	308,564	359,829	310,083
NON-CURRENT ASSETS						
Property, plant and equipment	9	3,394,150	3,132,300	3,375,503	3,472,107	3,446,824
Intangible assets	11	1,201	7,070	2,372	1,208	2,430
Forestry assets	12	4,790	5,830	5,104	4,790	5,104
Investment property	10	1,250	-	1,250	1,250	1,250
Equity accounted investments	13	1,286	-	1,509	1,286	1,509
Investment in CCOs and other similar entities	14	65,054	57,440	62,672	817	838
Other financial assets	14	102,444	85,110	123,118	102,444	123,119
Derivative financial instruments	24	7,245	760	4,413	7,245	4,413
Deferred tax asset	22	-	-	-	44	-
Total non-current assets		3,577,420	3,288,510	3,575,941	3,591,191	3,585,487
TOTAL ASSETS		3,930,668	3,691,320	3,884,505	3,951,020	3,895,570
CURRENT LIABILITIES						
Creditors and other payables	18	36,090	21,123	24,184	37,908	26,724
Waitara Lands Act liability	15	17,480	25,597	20,479	17,480	20,479
Borrowings	19	74,142	64,000	44,000	74,142	44,000
Provisions	20	1,092	1,020	998	1,092	998
Employee entitlements	21	5,744	4,450	5,370	6,051	5,561
Derivative financial instruments	24	-	300	26	-	26
Provision for tax		-	-	-	42	-
Total current liabilities		134,548	116,490	95,057	136,715	97,788
NON-CURRENT LIABILITIES						
Borrowings	19	189,500	199,580	159,500	189,497	159,500
Derivative financial instruments	24	34	21,630	312	34	312
Provisions	20	1,784	2,840	2,411	1,784	2,411
Employee entitlements	21	502	520	481	502	481
Deferred tax liabilities	22	-	-	-	4,812	1,765
Total non-current liabilities		191,820	224,570	162,704	196,629	164,469
TOTAL LIABILITIES		326,368	341,060	257,761	333,344	262,257
NET ASSETS		3,604,300	3,350,260	3,626,744	3,617,676	3,633,313
EQUITY						
Accumulated funds	23	1,612,683	1,691,030	1,606,616	1,602,297	1,594,494
Other reserves	23	1,991,617	1,659,230	2,020,128	2,015,379	2,038,819
TOTAL EQUITY		3,604,300	3,350,260	3,626,744	3,617,676	3,633,313

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 2.

Financial Statements

Ngā Tauāki Pūtea

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the year ended 30 June 2023

	NOTES	COUNCIL			GROUP	
		2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Equity at the beginning of the year		3,626,744	3,333,720	3,136,413	3,633,313	3,138,175
Total comprehensive revenue and expense		(22,444)	16,540	490,331	(15,637)	495,138
EQUITY AT THE END OF THE YEAR	23	3,604,300	3,350,260	3,626,744	3,617,676	3,633,313

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 2.

Financial Statements

Ngā Tauāki Pūtea

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	NOTES	COUNCIL			GROUP	
		2022/23 Actual \$'000	2022/23 Budget \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from rates revenue		116,688	117,440	109,992	116,583	110,364
Interest received		2,397	1,630	1,469	1,847	906
Dividends received		135	-	3	135	3
Other revenue received		60,802	63,480	50,267	71,237	58,749
Payments to suppliers and employees		(143,818)	(135,450)	(128,828)	(150,689)	(134,918)
Waitara Lands Act disbursements		(4,667)	(2,250)	(5,752)	(4,667)	(5,752)
Goods and services tax (net) paid		652	-	(2,342)	643	(2,309)
Income tax refunded		-	-	-	(41)	10
Interest paid		(8,816)	(6,860)	(6,174)	(8,798)	(6,176)
Net cash flows from operating activities		23,373	37,990	18,635	26,247	20,877
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of discontinued operation		900	-	-	900	-
Receipts from sale of property, plant and equipment		1,144	7,570	4,781	1,147	4,799
PIF release to Council		10,622	11,740	9,516	10,622	9,516
Receipts from sale of other financial assets		10,109	750	49,842	11,109	49,842
Purchase of property, plant and equipment		(84,780)	(91,580)	(59,437)	(86,073)	(59,821)
Purchase of intangible assets		(537)	(2,820)	(760)	(537)	(784)
Purchase of other financial assets		(11,005)	(5,290)	(30,665)	(12,003)	(31,165)
Net cash flows from investing activities		(73,547)	(79,630)	(26,723)	(74,835)	(27,613)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		100,142	62,190	11,000	100,142	11,000
Repayment of borrowings		(40,000)	(15,000)	(11,000)	(40,000)	(11,000)
Net cash flows from financing activities		60,142	47,190	-	60,142	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,968	5,550	(8,088)	11,554	(6,736)
Cash and cash equivalents at 1 July		35,971	18,750	44,059	39,602	46,338
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	45,939	24,300	35,971	51,156	39,602

The accompanying notes form part of these financial statements.

Financial Statements

Ngā Tauāki Pūtea

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 30 June 2023

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

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Surplus after taxation	(14,434)	5,357	(12,746)	4,919
<i>Non-cash items:</i>				
Depreciation and amortisation expense	51,220	43,016	53,281	44,857
Vested assets	(1,804)	(4,532)	(1,804)	(4,532)
Property, plant and equipment impairment	3,801	-	3,801	57
(Gains)/losses on sales of assets	2,676	356	2,676	356
Gains on derivative financial instruments	(3,326)	(16,000)	(3,326)	(16,000)
(Gains)/losses in fair value of forestry assets	314	(461)	314	(461)
Loss on revaluation of assets	1,620	-	1,620	-
Net gain on sales included in investing activities	(22,127)	(1,551)	(24,267)	(2,560)
	32,376	20,828	32,295	21,717
<i>Add/(less) movements in other working capital items:</i>				
Change in debtors and other receivables	(3,339)	(4,260)	(3,515)	(3,855)
Change in creditors and other payables	11,906	(1,427)	11,184	(1,924)
Change in inventory	6	(8)	5	(7)
Change in Waitara Lands Act liability	(2,999)	(2,472)	(2,999)	(2,472)
Change in provisions	(533)	(513)	(533)	(513)
Change in tax payable	-	-	42	-
Movement in deferred tax	-	-	3,047	1,853
Change in employee entitlements	395	1,130	(533)	1,159
	5,436	(7,550)	6,698	(5,759)
NET CASH FLOW FROM OPERATING ACTIVITIES	23,373	18,635	26,247	20,877

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

1. STATEMENT OF ACCOUNTING POLICIES for the year ended 30 June 2023

1.1 Reporting Entity

New Plymouth District Council (NPDC) 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 – 56.50% owned.
- Duthie Joint Venture – 54.82% owned.

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.

Legislative compliance

Section 98 of the Local Government Act 2002 requires the New Plymouth District Council to prepare and adopt an annual report within four months after the end of each financial year.

The Annual Report 2022/23 was adopted by resolution of the New Plymouth District Council on 31 October 2023.

1.2 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.

The notes include information which is required to understand the financial statements and is material and relevant to the financial position and performance of NPDC. 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.

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 and certain classes of property, plant and equipment notes 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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.

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 exchanges 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.

Budget figures

The budget figures are those approved by the Council in its Annual Plan 2022/23 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.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of 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 allocated to each Council activity using appropriate allocation bases which reflect the usage and/or capacity for each activity.

- Direct costs directly attributable to a significant activity are charged directly to that activity.
- 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.

Changes in accounting policies

The Group has adopted External Reporting Board Standard A1 accounting Standards Framework (For-profit Entities Update) (XRB A1). XRB A1 outlines which suite of accounting standards public benefit entities must follow. The Group is required to report in accordance with NZ IFRS PBE. There is no impact on the current or prior year financial statements of transitioning to the new accounting Standards Framework.

PBE IPSAS 41 financial instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial instruments and PBE IPSAS 29 Financial instruments: Recognition and Measurement. The Group has adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

PBE FRS 48 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 2022.

Under this new Standard Public Benefit Entities which are legally required to provide service performance information, must provide the following information:

- the reason for the entity's existence, what the entity aims to achieve over the medium to long term (in broad terms), and how it will go about achieving this; and
- what the entity has done in order to achieve its broader aims and objectives, as stated above. The 2020 Amendments to PBE FRS 48 clarifies that explanations of major variances are only required if PBEs report comparisons of actual and previously published prospective service performance information.

In accordance with the Local Government Act Schedule 10, Councils are required to include a Statement of Service provision in their Annual Reports for each of its Activities and in accordance with NZ GAAP, therefore, Council is compliant with all requirements of PBE FRS 48 and, apart from additional disclosures to making reference to the guidelines and methodology document used for the preparation of the LTP 2021-2031 performance measures there will be no changes required to the way we currently report on NPDC's service performance.

In addition to the standards described above, there are various other standards and amendments which have been issued but are not yet effective. These are not expected to impact on the Council and Group's financial statements.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

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

- 2022 Omnibus amendments to PBE Standards.
- Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41).
- Disclosure of Fees for Audit Forms' Services (Amendments to PBE IPSAS 1).

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, revenue 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 9.
- Estimating the fair value of land and buildings – refer note 9.
- Estimating the value of forestry assets – refer note 12.
- Estimating the landfill aftercare provision – refer note 20.

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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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.

1.3 Basis of consolidation

The group 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 subsidiaries are eliminated in preparing the group financial statements.

The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Council obtains control of the entity and ceases when it loses that control.

1.4 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.

Rates revenue

- General rates and uniform annual general charges (UAC) excluding water-by-meter, 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 that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue arising from late payment penalties are recognised as revenue 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 the TRC.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are allocated to the appropriate reserve until such time as the Council provides, or is able to provide, the service.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Waka Kotahi NZ Transport Agency (Waka Kotahi (NZTA)) roading subsidies

The Council receives funding assistance from Waka Kotahi (NZTA) which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. Roding 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 unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Landfill fees

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

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer and title has passed.

Infringement fees and fines

Infringement fees and fines 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 at its fair value 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.

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

2. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Accounting policy

The budget figures are those approved by the Entity in its Annual Plan 2022/23. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Explanations of major budget variances against the budget information at the start of the financial year are as follows.

Statement of Comprehensive Revenue and Expense

	Council Actual \$'000
BUDGET - SURPLUS BEFORE TAX	16,540
Variations are made up of:	
Non-cash items:	
– Higher investment gains, mainly in the Perpetual Investment Fund	4,765
– Higher gains on derivatives revaluation	2,267
– Tasmanian Land Company final distribution and dividend	1,030
– Higher depreciation due to revaluation of assets in 2021/22	(6,170)
– Property, plant and equipment impairment	(3,801)
– Asset disposals	(3,237)
– Lesser vested assets	(2,599)
– Loss on revaluation of assets	(1,934)
– Lower Waitara Lands Acts gains and distributions	(688)
– Unbudgeted forestry revaluation loss	(577)
Operating items:	
– Higher subsidies and grants	835
– Maintenance on assets vested to other entities	(4,851)
– Increased activity maintenance and direct costs	(3,053)
– Lower fees and charges	(3,051)
– Higher net finance costs due to increasing interest rates	(1,942)
– Higher security, internet and support to hardware and software systems and applications	(1,927)
– Software as a service budgeted as capex but expensed as per accounting requirements	(1,924)
– Lower consenting revenue	(1,469)
– Other net operating costs increases	(1,375)
– Higher personnel and staff costs	(1,278)
ACTUAL - (DEFICIT) BEFORE TAX	(14,439)

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Statement of Financial Position

	Council Actual \$'000
BUDGET - TOTAL NET ASSETS	3,350,260
Lower opening balance for return on investments	(51,940)
Net decrease in derivatives liability due to fair value gains in hedged instruments	29,360
Timing of budget projections for CCOs borrowings	3,464
Higher than budgeted Property, Plant and Equipment revaluation movement off-set by lower than budgeted capital expenditure	262,156
Lower Waitara Lands Act sales	(8,117)
Higher cash on hand at year end	21,649
Net change across several items	(2,532)
ACTUAL - TOTAL NET ASSETS	3,604,300

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

3. REVENUE CLASSIFIED AS EXCHANGE OR NON-EXCHANGE TRANSACTIONS

	NOTES	COUNCIL		GROUP	
		2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
REVENUE FROM EXCHANGE TRANSACTIONS					
Interest revenue	27	2,634	1,502	2,103	942
Investment revenue	6	26,705	3,824	26,705	3,824
Water - targeted metered rates	4	5,072	5,081	5,072	5,081
Other revenue (excluding vested assets, fines and levies)	6	32,397	44,438	41,681	48,875
Total revenue from exchange transactions		66,808	54,845	75,561	58,722
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Rates (excluding water targeted metered rates)	4	112,491	105,306	112,389	105,220
Subsidies and grants	5	25,597	22,930	28,482	25,783
Development/financial contributions		3,045	3,315	3,045	3,315
Fines and levies	6	1,201	1,175	1,238	1,175
Vested assets	6	1,804	4,532	1,804	4,532
Services - PBE	6	-	-	-	438
Total revenue from non-exchange transactions		144,138	137,258	146,958	140,464
TOTAL OPERATING REVENUE		210,946	192,103	222,519	199,186

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

4. RATES

Breakdown of rates revenue

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
General rates	76,257	70,869	76,165	70,790
Sewerage - UAC	16,491	15,158	16,491	15,158
Water - UAC	9,605	9,677	9,595	9,670
Water - targeted metered rates	5,072	5,081	5,072	5,081
Refuse collection - UAC	5,500	5,150	5,500	5,150
Roading - UAC	4,595	4,452	4,595	4,452
Community facilities targeted	42	-	42	-
TOTAL RATES REVENUE	117,562	110,387	117,460	110,301

In 2022/23, the Council allowed rate remissions of \$921,204 excluding GST (2021/22: \$782,322).

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

As at 30 June 2022	Rateable	Non-rateable
Number of rating units	36,773	1,130
Total capital value of rating units (\$m)	24,170	1,038
Total land value of rating units (\$m)	12,750	544

5. BREAKDOWN OF SUBSIDIES AND GRANTS

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Operating subsidies and grants - Waka Kotahi (NZTA)	5,161	4,763	5,161	4,763
Operating subsidies and grants - other	3,165	3,410	6,050	6,263
Capital Waka Kotahi (NZTA) – roads	7,896	6,600	7,896	6,600
Capital - other	9,375	8,157	9,375	8,157
TOTAL SUBSIDIES AND GRANTS	25,597	22,930	28,482	25,783

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

6. OTHER REVENUE

a) Breakdown of other revenue

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
User fees and charges	10,003	9,197	17,526	13,047
Regulatory revenue	5,322	5,488	5,322	5,488
Property rent and charges	4,544	4,265	5,424	4,925
Waitara Lands Act - gain on sale	561	2,125	561	2,125
Rental income from investment properties	102	101	102	101
Fines, levies and rebates	1,284	1,175	1,284	1,175
Council venue hire	1,043	708	1,043	708
Vested assets	1,804	4,532	1,804	4,532
Insurance recoveries	65	80	65	80
Other revenue	7,348	6,013	8,266	5,939
Net gain on derivative financial instruments	3,326	16,000	3,326	16,000
Net gain on forestry assets	-	461	-	461
TOTAL OTHER REVENUE	35,402	50,145	44,723	54,581

b) Breakdown of investment revenue

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Net gains/(losses) on other investments	1,349	(1,971)	1,349	(1,533)
Settlement received	900	-	900	-
Net gains/(losses) on the PIF investment (Note 14)	24,321	5,792	24,321	5,792
Dividends	135	3	135	3
TOTAL INVESTMENT REVENUE	26,705	3,824	26,705	4,262

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

c) 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	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Within one year	1,489	1,676	2,224	2,289
Later than one year and not later than five years	5,781	5,387	7,763	6,878
Later than five years	9,194	7,311	12,236	9,475
TOTAL MINIMUM LEASE REVENUE	16,464	14,374	22,223	18,642
Average lease term (years)	9	8	11	12
Number of leases	466	490	498	523

No contingent rents have been recognised during the current or prior years.

Covid-19 pandemic response

In 2022/23 the Council issued no rent relief credits for the Council's commercial and community group tenants (2021/22: \$10,375).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

7. 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 in the surplus or deficit as incurred.

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Salaries and wages and related entitlements	53,801	49,429	57,362	52,728
Defined contribution plan employer contributions	1,535	1,389	1,556	1,405
TOTAL PERSONNEL COSTS	55,336	50,818	58,918	54,133

b) Elected representatives

	2022/23 Actual \$	2021/22 Actual \$
Neil Holdom (Mayor)	153,997	147,413
Tony Bedford	56,060	50,720
Sam Bennett	54,703	50,720
Gordon Brown	62,054	60,865
David Bublitz	70,983	50,720
Anneka Carlson	54,974	50,720
Murray Chong	54,974	50,720
Amanda Clinton-Gohdes	58,773	50,720
Harry Duynhoven	60,697	60,865
Richard Handley	19,684	60,865
Stacey Hitchcock	21,324	65,937
Colin Johnston	16,403	50,720
Richard Jordan	26,245	81,153
Dinnie Moeahu	57,416	50,720
Marie Pearce	57,416	50,720
Bryan Vickery	36,789	-
Max Brough	36,789	-
Te Waka McLeod	38,145	-
Bali Haque	42,216	-
TOTAL ELECTED REPRESENTATIVES REMUNERATION	979,642	933,578

2022/23 full time equivalents 15 (2021/22: 15).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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

	2022/23 \$	2021/22 \$
Neil Holdom (Mayor)	2,295	3,717
Tony Bedford	-	-
Sam Bennett	595	1,700
Gordon Brown	-	-
David Bublitz	1,812	-
Anneka Carlson	1,712	2,206
Murray Chong	-	-
Amanda Clinton-Gohdes	3,107	3,228
Harry Duynhoven	-	1,278
Richard Handley	-	-
Stacey Hitchcock	-	1,343
Colin Johnston	-	-
Richard Jordan	-	-
Dinnie Moeahu	2,399	2,174
Marie Pearce	-	-
Bali Haque	595	-
Bryan Vickery	-	-
Max Brough	595	-
Te Waka McLeod	595	-
TOTAL ELECTED REPRESENTATIVES PROFESSIONAL DEVELOPMENT	13,705	15,646

c) Staff employed full-time equivalent

At balance date the Council employed 540 full time employees (2021/22: 516) with the balance of staff representing 120 full-time equivalent employees (2021/22: 116). A full-time employee is determined on the basis of a 40-hour working week.

d) Individuals receiving total remuneration by band

	Number of Employees 2022/23		Number of Employees 2021/22
< \$60,000	295	< \$60,000	306
\$60k - \$79,999	230	\$60k - \$79,999	211
\$80k - \$99,999	169	\$80k - \$99,999	147
\$100k - \$119,999	98	\$100k - \$119,999	80
\$120k - \$139,999	33	\$120k - \$139,999	30
\$140k - \$159,999	18	\$140k - \$159,999	10
\$160k - \$199,999	8	\$160k - \$259,999	6
\$200k - \$319,999	6	\$260k - \$419,999	4
\$380k - \$399,999	1		
TOTAL HEAD COUNT	858	TOTAL HEAD COUNT	794

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

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

e) Severance payments

No severance payments were made to employees as at 30 June 2023 (2021/22: no severance payments made).

f) Chief executive

During the year, the former Chief Executive resigned. A member of the Executive Leadership Team temporarily served as Acting Chief Executive, following which time an Interim Chief Executive was appointed. The Interim Chief Executive remained in the role until a new permanent Chief Executive was appointed prior to year end.

In 2022/23 the total remuneration (including any non-financial benefits) paid or payable for the year to individuals occupying the chief executive role is:

	2022/23 Actual	2021/22 Actual
Chief Executive - Craig Stephenson (former)	168,029	406,490
Chief Executive - Jacqueline Baker (acting)	91,470	0
Chief Executive - Miriam Taris (interim)	249,480	0
Chief Executive - Gareth Green (current)	88,846	0
TOTAL CHIEF EXECUTIVE REMUNERATION	597,825	406,490

g) Key management personnel

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

	2022/23 Actual	2021/22 Actual
Councillors, including the Mayor:		
Remuneration (\$'000)	980	934
Full-time equivalent members (as at 30 June)	15	15
Senior management team, including the Chief Executive:		
Remuneration (\$'000)	2,285	2,065
Full-time equivalent members (as at 30 June)	8	7
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION (\$'000)	3,265	2,999
Total full-time equivalent personnel (as at 30 June)	23	22

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

8. OTHER EXPENSES

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. 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.

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. They are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

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 (note 24).

a) Breakdown of other expenses

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Audit fees – Annual financial statements	288	246	349	297
Audit fees - Debenture Trust Deed	5	5	5	5
TOTAL PAYMENTS TO AUDIT NEW ZEALAND	293	251	354	302
Audit fees - Annual financial statements	-	-	31	27
TOTAL PAYMENTS TO SILKS AUDIT CHARTERED ACCOUNTANTS	-	-	31	27
General operating expenses	30,113	23,337	31,904	25,179
Direct cost of activities and materials	54,575	46,355	53,217	44,701
Consultants and legal fees	10,396	8,283	12,432	9,776
Insurance premiums	2,202	1,951	2,372	2,113
Impairment of receivables	251	179	255	231
Operating lease costs	321	331	344	371
Directors fees	-	-	572	478
Net loss on sale of assets	3,237	2,481	3,346	2,463
Property, plant and equipment impairment	3,801	-	3,801	-
Loss on revaluation of assets	1,934	-	1,934	-
Net loss on forestry assets	314	-	314	-
TOTAL OTHER EXPENSES	107,437	83,168	110,876	85,641

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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 between 12 and 60 months. The future aggregate minimum lease payments payable under non-cancelable operating leases are as follows:

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Within one year	76	6	107	214
Later than one year and not later than five years	24	-	387	89
Later than five years	-	-	-	-
TOTAL MINIMUM LEASE PAYMENTS	100	6	494	303

9. 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 is measured at fair value and buildings and the Puke Ariki book collection are measured at fair value less accumulated depreciation. 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 restrictions on use, 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 may be subject to constraints on disposal. Examples are road networks, sewer systems and water systems. These assets are measured at fair value less accumulated depreciation.

Revaluation

All property, plant and equipment except for operational motor vehicles, furniture, fittings and equipment and work-in-progress are revalued 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. 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 expensed 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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 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 cost will flow to the Council 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 disposal are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the surplus or deficit. When revalued assets are sold, any amounts included in asset revaluation reserves 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 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 - infrastructure/formation	7 - 150	0.7% - 14.3%
Roading - land under roads		Not depreciated
Laboratory	10 - 127	0.8% - 10%
Waste management and minimisation - plant and machinery/landfill	5 - 59	1.7% - 20%
Waste management and minimisation - earthmoving/site works		Not depreciated
Stormwater	3 - 161	0.6% - 33.3%
Flood protection	25 - 200	0.5% - 4%
Water	3 - 168	0.6% - 33%
Wastewater	3 - 120	0.8% - 33.3%
New Plymouth Airport runway/services	1 - 70	1.4% - 100%
Work in progress		Not depreciated
Operational assets		
Land		Not depreciated
Buildings/improvements	2 - 200	0.5% - 50%
Vehicles	2 - 20	5% - 50%
Furniture, fittings and equipment	1 - 99	1% - 100%
Puke Ariki book collection (general in-use)	7 - 25	4% - 14.3%
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

Ngā tuhituhi ki ngā Tauāki Pūtea

Impairment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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 surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in 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 for cash-generating assets

Cash-generating assets are those assets that are 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Critical accounting estimates and assumptions

Estimating fair value

Infrastructural assets

All infrastructural assets, excluding work in progress, were independently valued at depreciated replacement cost as detailed below:

Asset class	Valuer	Valuation date
Roading (excluding land under roads)	Alun James, WSP Opus	31 March 2022
Laboratory		
Solid Waste		
Stormwater	Alun James, WSP Opus	30 June 2022
Flood Protection		
Water		
Wastewater		
Roading (land under roads only)	Mike Drew, Director (BBS (VPM) ANZIV, MPINZ),	30 June 2022
New Plymouth Airport runway/services	TelferYoung (Taranaki) Limited	

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 55% of average value
 - formed roads (urban) 45% of average value
 - formed roads (rural) 25% 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 the 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 the 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 the Council's asset management planning activities, which gives the 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 relevant for those assets which are not visible such as stormwater, wastewater and water supply pipes that are underground. The risk is minimised by the Council performing a number of physical inspections and condition modelling assessments of assets.
- The valuation assumes that the Airport is operational and not adversely affected by the Covid-19 pandemic.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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

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

Operational land is valued as at 30 June 2022 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 rely 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 2022 by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), TelferYoung (Taranaki) Limited (registered valuers). Fair value was determined by using a discounted cash flow over a 10 year investment horizon. A number of assumptions were used for the valuation including a 10 per cent freeholding take-up in the fourth year, 8 per cent take-up in the fifth year, reducing quickly after that and having a total of 47 per cent take-up over the 10 year period. The take up rates used have been adopted based on other leasehold portfolios in New Plymouth that have offered freeholding and three years of evidence from the Waitara leases. The overall value of the net present value of the cash flow, plus the remaining leasehold portfolio, has been prorated over the remaining 337 properties. Other key assumptions used are presented in the following table:

Input	Assumption
Average section value	\$193,000
Legal fees per section	\$1,500
Valuation fees per section	\$650
Discount rate	10%

Buildings (operational)

These assets were independently valued by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), TelferYoung (Taranaki) Limited (registered valuers), at 30 June 2022.

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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

New Plymouth Airport buildings and runway/services

These assets were independently valued by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young (Taranaki) Limited (registered valuers), at 30 June 2023.

The valuation process was undertaken on a depreciated replacement cost basis. The depreciation model reflects the assets' future economic benefits or service potential expected to be consumed by the entity. Adjustments to the assets have been considered in various types of obsolescence; physical, functional and external obsolescence.

Puke Ariki book collection (operational and restricted assets)

Library collections (general in-use and heritage collection) are valued at depreciated replacement cost. The most recent valuation was undertaken by the Council as at 31 March 2023 and reviewed by Kees Beentjes BSc, BE(Hons) and Chris Jenkins BE(Hons), MIPENZ, MInstD of SPM Assets Ltd.

Puke Ariki museum collection (restricted assets)

Museum collections are valued at optimised replacement cost. The most recent valuation was undertaken by the Council as at 30 June 2023 and reviewed by James Parkinson of Dunbar Sloane Ltd.

Govett-Brewster Art Gallery/Len Lye Centre collection (restricted assets)

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 revaluation was effective as at 30 June 2023.

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

Ngā tuhituhi ki ngā Tauāki Pūtea

2022/23	Cost/ revaluation 1 July 2022 \$'000	Accumulated depreciation & impairment charges 1 July 2022 \$'000	Carrying amount 1 July 2022 \$'000	Current year additions \$'000	Current year transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000
COUNCIL 2022/23							
Infrastructural assets							
Roading	1,620,146	3,245	1,616,901	-	25,546	1,396	(148)
Laboratory	343	32	311	-	138	-	(1)
Solid waste	11,884	342	11,542	-	59	-	-
Stormwater	304,568	424	304,144	-	7,789	139	(232)
Flood protection	22,965	1	22,964	-	36	-	-
Water	235,423	1,002	234,421	-	3,775	93	(963)
Wastewater	464,836	1,416	463,420	-	5,615	82	(1,266)
Work in progress (WIP)	57,329	-	57,329	85,933	(75,361)	-	-
Operational assets:							
Land	91,249	153	91,096	-	9,932	94	(463)
Buildings/improvements	264,439	2,103	262,336	-	14,486	-	(1,683)
Vehicles	6,385	2,112	4,273	-	1,258	-	(467)
Furniture, fittings and equipment	28,123	23,967	4,156	-	5,688	-	(76)
Puke Ariki book collection	5,464	941	4,523	-	589	-	-
Restricted assets:							
Parks and reserves land	222,019	-	222,019	-	450	-	-
Waitara Lands Act land	21,359	-	21,359	-	-	-	(399)
Puke Ariki library heritage book collection	2,271	-	2,271	-	-	-	-
Puke Ariki museum collection	32,033	-	32,033	-	-	-	-
Govett-Brewster/Len Lye Centre collection	20,405	-	20,405	-	-	-	-
TOTAL COUNCIL	3,411,241	35,738	3,375,503	85,933	-	1,804	(5,698)
GROUP 2022/23							
Infrastructural assets							
Roading	1,620,146	3,245	1,616,901	-	25,546	1,396	(148)
Laboratory	343	32	311	-	138	-	(1)
Solid waste	11,884	342	11,542	-	59	-	-
Stormwater	304,568	424	304,144	-	7,789	139	(232)
Flood protection	22,965	1	22,964	-	36	-	-
Water	235,423	1,002	234,421	-	3,775	93	(963)
Wastewater	464,836	1,416	463,420	-	5,615	82	(1,266)
Work in progress (WIP)	57,361	-	57,361	86,966	(75,361)	-	-
New Plymouth Airport runway/services	18,989	677	18,312	-	-	-	(31)
Operational assets:							
Land	108,182	153	108,029	-	9,932	94	(463)
Buildings/improvements	297,704	2,232	295,472	265	14,486	-	(1,722)
Vehicles	6,661	2,366	4,295	1	1,258	-	(467)
Furniture, fittings and equipment	31,826	24,784	7,042	45	5,688	-	(118)
Puke Ariki book collection	5,464	941	4,523	-	589	-	-
Restricted assets:							
Parks and reserves land	222,019	-	222,019	-	450	-	-
Waitara Lands Act land	21,359	-	21,359	-	-	-	(399)
Puke Ariki library heritage book collection	2,271	-	2,271	-	-	-	-
Puke Ariki museum collection	32,033	-	32,033	-	-	-	-
Govett-Brewster/Len Lye Centre collection	20,405	-	20,405	-	-	-	-
TOTAL GROUP	3,484,439	37,615	3,446,824	87,277	-	1,804	(5,810)

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Current year impairments	Current year depreciation	Accumulated depreciation disposed/ revalued	Revaluation surplus/ (deficit) 30 June 2023	Cost transfers/ adjustments	Depreciation transfers/ adjustments	Cost revaluation 30 June 2023	Accumulated depreciation & impairment charges 30 June 2023	Carrying amount 30 June 2023
\$'000	\$'000	\$'000	(\$'000)	(\$'000)	(\$'000)	\$'000	\$'000	\$'000
3,800	13,174	-	-	474	-	1,647,414	20,219	1,627,195
2	19	(1)	-	-	-	478	50	428
5,266	412	-	-	(365)	-	6,312	754	5,558
1,558	5,509	(111)	-	(494)	(6)	310,202	5,816	304,386
36	214	-	-	-	-	22,965	215	22,750
1,247	5,663	(126)	-	(135)	-	236,937	6,530	230,407
1,365	11,762	(242)	-	141	-	468,098	12,991	455,107
-	-	-	-	-	-	67,901	-	67,901
714	-	-	-	(474)	-	99,624	153	99,471
1,881	10,206	(211)	-	2,282	6	277,644	12,105	265,539
-	512	(243)	-	-	-	7,176	2,381	4,795
-	2,758	(85)	-	300	-	33,459	26,064	7,395
-	477	(1,306)	(2,856)	-	-	3,199	114	3,085
450	-	-	-	-	-	222,019	-	222,019
-	-	-	-	-	-	20,960	-	20,960
-	-	-	(370)	-	-	1,901	-	1,901
-	-	-	3,824	(1,429)	-	34,428	-	34,428
-	-	-	720	(300)	-	20,825	-	20,825
16,329	50,706	(2,325)	1,318	-	-	3,481,542	87,392	3,394,150
3,800	13,174	-	-	474	-	1,647,414	20,219	1,627,195
2	19	(1)	-	-	-	478	50	428
5,266	412	-	-	(365)	-	6,312	754	5,558
1,568	5,509	(111)	-	(494)	(6)	310,202	5,816	304,386
36	214	-	-	-	-	22,965	251	22,750
1,247	5,663	(126)	-	(135)	-	236,937	6,530	230,407
1,365	11,762	(242)	-	141	-	468,098	12,991	455,107
-	-	-	-	-	-	68,966	-	68,966
-	773	(1,450)	2,066	-	-	21,024	-	21,024
714	-	-	(899)	(474)	-	115,858	286	115,572
1,881	11,229	(1,229)	3,391	2,280	6	314,587	12,365	302,222
-	519	(243)	-	(12)	-	7,778	2,895	4,883
-	2,986	(615)	(123)	314	-	36,454	26,064	10,390
-	477	(1,306)	(2,856)	-	-	3,199	114	3,085
450	-	-	-	-	-	222,019	-	222,019
-	-	-	-	-	-	20,960	-	20,960
-	-	-	(370)	-	-	1,901	-	1,901
-	-	-	3,824	(1,429)	-	34,428	-	34,428
-	-	-	720	(300)	-	20,825	-	20,825
16,329	52,737	(5,323)	5,753	-	-	3,560,405	88,299	3,472,106

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

2021/22	Cost/ revaluation 1 July 2021 \$'000	Accumulated depreciation & impairment charges 1 July 2021 \$'000	Carrying amount 1 July 2021 \$'000	Current year additions \$'000	Current year transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000
COUNCIL 2021/22							
Infrastructural assets							
Roading	1,481,087	23,638	1,457,449	-	14,009	647	-
Laboratory	117	54	63	-	180	-	-
Solid waste	9,125	894	8,231	-	1,745	-	-
Stormwater	229,504	7,564	221,940	-	3,615	443	(625)
Flood protection	19,407	354	19,053	-	86	-	-
Water	188,836	13,158	175,678	-	33,458	389	(977)
Wastewater	366,413	18,107	348,306	-	5,518	629	(317)
Work in progress (WIP)	70,643	-	70,643	63,090	(73,629)	-	-
Operational assets:							
Land	77,273	153	77,120	-	4,434	2,382	-
Buildings/improvements	224,088	14,770	209,318	-	7,466	-	(1,009)
Vehicles	6,272	2,175	4,097	-	1,071	-	(958)
Furniture, fittings and equipment	28,219	22,191	6,028	-	-	-	-
Puke Ariki book collection	6,680	398	6,282	-	1,055	-	-
Restricted assets:							
Parks and reserves land	193,471	-	193,471	-	880	9	-
Waitara Lands Act land	23,464	-	23,464	-	-	-	(2,105)
Puke Ariki museum collection	32,033	-	32,033	-	-	-	-
Govett-Brewster/Len Lye Centre collection	20,293	-	20,293	-	112	-	-
TOTAL COUNCIL	2,976,925	103,456	2,873,469	63,090	-	4,499	(5,991)
GROUP 2021/22							
Infrastructural assets							
Roading	1,481,087	23,638	1,457,449	-	14,009	647	-
Laboratory	117	54	63	-	180	-	-
Solid waste	9,125	894	8,231	-	1,745	-	-
Stormwater	229,504	7,564	221,940	-	3,615	443	(625)
Flood protection	19,407	354	19,053	-	86	-	-
Water	188,836	13,158	175,678	-	33,458	389	(977)
Wastewater	366,413	18,107	348,306	-	5,518	629	(317)
Work in progress (WIP)	70,662	-	70,662	63,103	(73,629)	-	-
New Plymouth Airport runway/services	18,573	714	17,859	77	-	-	-
Operational assets:							
Land	93,481	153	93,328	-	4,434	2,382	-
Buildings/improvements	253,831	15,760	238,071	-	7,466	-	(1,009)
Vehicles	6,548	2,425	4,123	-	1,071	-	(958)
Furniture, fittings and equipment	31,874	22,749	9,125	33	-	-	-
Puke Ariki book collection	6,680	398	6,282	-	1,055	-	-
Restricted assets:							
Parks and reserves land	193,471	-	193,471	-	880	9	-
Waitara Lands Act land	23,464	-	23,464	-	-	-	(2,105)
Puke Ariki museum collection	32,033	-	32,033	-	-	-	-
Govett-Brewster/Len Lye Centre collection	20,293	-	20,293	-	112	-	-
TOTAL GROUP	3,045,399	105,968	2,939,431	63,213	-	4,499	(5,991)

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Current year depreciation	Accumulated depreciation disposed/revalued	Transfer non-current assets held for sale	Revaluation surplus/(deficit) 30 June 2022	Cost transfers/adjustments	Depreciation transfers/adjustments	Cost revaluation 30 June 2022	Accumulated depreciation & impairment charges 30 June 2022	Carrying amount 30 June 2022
\$'000	\$'000	(\$'000)	(\$'000)	(\$'000)	(\$'000)	\$'000	\$'000	\$'000
12,452	(32,845)	-	121,342	3,061	-	1,620,146	3,245	1,616,901
38	(60)	-	46	-	-	343	32	311
572	(1,124)	-	1,014	-	-	11,884	342	11,542
3,760	(10,900)	-	71,631	-	-	304,568	424	304,144
173	(526)	-	3,472	-	-	22,965	1	22,964
6,500	(18,656)	-	13,717	-	-	235,423	1,002	234,421
8,469	(25,160)	-	92,593	-	-	464,836	1,416	463,420
-	-	-	-	(2,775)	-	57,329	-	57,329
-	-	-	10,220	(3,060)	-	91,249	153	91,096
7,670	(20,337)	-	28,853	5,041	-	264,439	2,103	262,336
494	(557)	-	-	-	-	6,385	2,112	4,273
1,776	-	-	-	(96)	-	28,123	23,967	4,156
543	-	-	-	-	-	7,735	941	6,794
-	-	-	32,702	(5,043)	-	222,019	-	222,019
-	-	-	-	-	-	21,359	-	21,359
-	-	-	-	-	-	32,033	-	32,033
-	-	-	-	-	-	20,405	-	20,405
42,447	(110,165)	-	375,590	(2,872)	-	3,411,241	35,738	3,375,503
12,452	(32,845)	-	121,342	3,061	-	1,620,146	3,245	1,616,901
38	(60)	-	46	-	-	343	32	311
572	(1,124)	-	1,014	-	-	11,884	342	11,542
3,760	(10,900)	-	71,631	-	-	304,568	424	304,144
173	(526)	-	3,472	-	-	22,965	1	22,964
6,500	(18,656)	-	13,717	-	-	235,423	1,002	234,421
8,469	(25,160)	-	92,593	-	-	464,836	1,416	463,420
-	-	-	-	(2,775)	-	57,361	-	57,361
660	(697)	-	339	-	-	18,989	677	18,312
-	-	-	10,945	(3,060)	-	108,182	153	108,029
8,562	(22,086)	-	32,390	5,026	(4)	297,704	2,232	295,472
498	(557)	-	-	-	-	6,661	2,366	4,295
2,031	-	-	-	(81)	4	31,826	24,784	7,042
543	-	-	-	-	-	7,735	941	6,794
-	-	-	32,702	(5,043)	-	222,019	-	222,019
-	-	-	-	-	-	21,359	-	21,359
-	-	-	-	-	-	32,033	-	32,033
-	-	-	-	-	-	20,405	-	20,405
44,258	(112,611)	-	380,191	(2,872)	-	3,484,439	37,615	3,446,824

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

c) Core infrastructure asset disclosures

	Additions			
	Closing book value \$'000	Assets constructed by the Council \$'000	Assets transferred to the Council \$'000	Estimated replacement cost \$'000
2022/23 - INFRASTRUCTURAL ASSETS				
Water treatment plant and facilities	50,907	341	-	96,779
Other water assets	179,500	3,434	93	373,433
Wastewater treatment plant and facilities	97,515	1,422	-	175,355
Other wastewater assets	357,592	4,193	82	728,467
Stormwater drainage	304,386	7,789	139	498,803
Flood protection	22,750	36	-	25,240
Roading	1,627,195	25,546	1,396	1,157,195
TOTAL INFRASTRUCTURAL ASSETS	2,639,845	42,761	1,710	3,055,272
2021/22 - INFRASTRUCTURAL ASSETS				
Water treatment plant and facilities	52,236	7,563	-	99,305
Other water assets	182,185	26,379	389	379,019
Wastewater treatment plant and facilities	99,362	1,183	-	178,676
Other wastewater assets	364,058	4,335	629	741,639
Stormwater drainage	304,144	3,647	443	498,406
Flood protection	22,964	86	-	25,477
Roading	1,616,901	14,009	647	1,149,874
TOTAL INFRASTRUCTURAL ASSETS	2,641,850	57,202	2,108	3,072,396

d) Depreciation and amortisation by group of activities

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Parks and Open Spaces	4,127	3,015	4,127	3,015
Transportation	13,208	12,478	13,208	12,478
Stormwater Management	5,519	3,770	5,519	3,770
Flood Protection and Control Works	214	173	214	173
Waste Management and Minimisation	872	731	872	731
Water Supply	5,842	6,746	5,842	6,746
Wastewater Treatment	12,060	8,664	12,060	8,664
Emergency Management and Business Continuance	115	137	115	137
Community Partnerships	279	216	279	216
Govett-Brewster Art Gallery/Len Lye Centre	620	512	620	512
Puke Ariki and Community Libraries	2,408	2,086	2,408	2,086
Venues and Events	2,040	1,503	2,040	1,503
Customer and Regulatory Solutions	326	320	326	320
Support Services	3,590	2,665	3,590	2,785
Council Controlled Organisations	-	-	2,060	1,721
TOTAL DEPRECIATION AND AMORTISATION	51,220	43,016	53,280	44,857

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

Ngā tuhituhi ki ngā Tauāki Pūtea

e) Work in progress

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

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Wastewater	33,044	19,855	33,044	19,855
Solid waste	3,810	3,860	3,810	3,860
Water	14,011	8,750	14,011	8,750
Stormwater	3,656	7,038	3,656	7,038
Buildings/improvements	5,104	3,465	6,137	3,497
Roading	4,750	6,929	4,750	6,929
Vehicles	-	190	-	190
Furniture, fittings and equipment	5,626	7,242	5,626	7,242
TOTAL WORK IN PROGRESS	70,001	57,329	71,034	57,361

f) Significant capital projects

Significant work in progress for 2022/23 as follows:

	Total budget \$'000	Total expenditure \$'000	Variance \$'000	Comments
Waitara stormwater upgrades	5,761	5,432	329	Project is progressing well, with next steps being the Tangaroa inlet structure with project partners and the plans to progress with the Waiari North. Of the total expenditure, \$4m was a contribution to Waka Kotahi for access to pipe works at SH3.
Waiwaka Terrace stormwater renewals	1,947	2,186	(239)	Works completed.
Te Rewa Rewa bridge repaint	1,256	1,089	167	Overall completion scheduled for September 2023.
Tūparikino Active Community Hub	2,485	1,945	540	The Hub project is currently undergoing a project reframing to determine the vision, values and priorities and develop a decision-making framework allowing the Steering Group to make informed decisions.
Thermal Drier Facility Crown Infrastructure funded	15,872	12,938	2,934	Enabling works are complete and a contract in place for supply and delivery of new thermal drier. The project is due to be completed in Spring 2025.
Wastewater network modelling	1,957	1,293	664	The model has being used for root cause analysis and problem definition in the Inglewood and Waitara networks. The Inglewood Inflow and Infiltration investigation pilot study is underway. The New Plymouth model results are being analysed and verified.
Urenui and Onaero sewer system	9,287	9,075	212	Additional funds are required for the completion of this project. The revised costs for the entire project is \$40m against a budget of \$33m. The additional funds will be requested as part of the LTP process. The revised budget now includes the purchase of the site.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

	Total budget \$'000	Total expenditure \$'000	Variance \$'000	Comments
Universal water metering	4,864	6,289	(1,425)	The project is on track, with 70% meters installed within the approved budgets by the end of 2023/24.
	43,429	40,247	3,182	

g) Capital commitments

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

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Building/improvements	5,053	299	5,053	299
Roading	81	-	81	-
Waste Management and Minimisation	225	46	225	46
Wastewater	26,164	1,956	26,164	1,956
Water	10,213	1,459	10,213	1,459
Stormwater	-	104	-	104
Parks and Open Spaces	32	601	32	601
New Plymouth Airport runway/services	-	-	1,284	-
TOTAL CAPITAL COMMITMENTS	41,768	4,465	43,052	4,465

h) Insurance cover

	Cover	Sum insured \$'000
Total value of all assets covered by insurance contracts	Material damage and forestry	808,738
Total value of all assets covered by financial risk sharing arrangements	Local Authority Protection Programme	2,672,216
Total value of all assets that are self-insured	Self-insurance	1,600

As guardians of community assets with a gross current replacement cost of \$3.9 billion¹ 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.

¹ The optimised depreciated replacement cost of those assets is \$2.8 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

10. INVESTMENT PROPERTY

Accounting policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

The Metro Plaza building, located in New Plymouth's Central Business District was purchased by the Council in 2020 and will be held as an investment property until such time that the land can be redeveloped.

a) Breakdown of investment property and further information

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
BALANCE AT 1 JULY	1,250	1,300	1,250	1,300
Additions from acquisitions	7	9	7	9
Fair value losses on valuation	(7)	(59)	(7)	(59)
BALANCE AT 30 JUNE	1,250	1,250	1,250	1,250

b) Revenue and expenses in relation to investment properties

	COUNCIL AND GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000
Rental income	102	101
Direct operating expenses from investment property generating revenue	81	74
Contractual obligations for operating expenditure	46	40

c) Valuation

Independent registered valuers TelferYoung (Taranaki) Limited have valued investment property as at 30 June 2023 (2021/22: TelferYoung (Taranaki) Limited).

An inspection of the investment property was undertaken and a review of more recent commercial sales and leases was used to confirm the current market value reported.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

11. 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.

Software as a Service (SaaS)

SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in a cloud computing arrangement can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives are reviewed at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

Costs that do not result in intangible assets are expensed as incurred unless they represent payment for future services to be received. In which case a prepayment is initially recognised and then expensed as those subsequent services are received over the expected term of the cloud computing arrangement.

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 five to 12 years (eight per cent to 21 per cent).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

	COUNCIL		GROUP	
	Computer software \$'000	Total \$'000	Computer software \$'000	Total \$'000
At 30 JUNE 2022				
Cost	12,638	12,638	12,792	12,792
Accumulated amortisation and impairment	(10,266)	(10,266)	(10,362)	(10,362)
NET BOOK AMOUNT	2,372	2,372	2,430	2,430
30 JUNE 2023				
Opening net book amount	2,372	2,372	2,430	2,430
Additions	292	292	292	292
Work in progress	245	245	245	245
Disposals	-	-	-	-
Amortisation	(514)	(514)	(543)	(543)
Transfers to expenses	(1,194)	(1,194)	(1,215)	(1,215)
CLOSING NET BOOK AMOUNT	1,201	1,201	1,209	1,209
At 30 JUNE 2023				
Cost	11,981	11,981	12,114	12,114
Accumulated amortisation and impairment	(10,780)	(10,780)	(10,906)	(10,906)
NET BOOK AMOUNT	1,201	1,201	1,208	1,208

The Council currently holds carbon credits with a net book value of \$9,173 (2021/22: \$9,173).

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

In 2022/23 there were no intangible asset capital commitments (2021/22: \$nil).

Carbon credits are expected to be fully utilised by the Council in satisfying carbon obligations from its landfill. As such, no impairment has been recognised (2021/22: nil).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

12. 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	
	2022/23 Actual \$'000	2021/22 Actual \$'000
BALANCE AT 1 JULY	5,104	4,643
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	(340)	490
Other changes	26	(29)
BALANCE AT 30 JUNE	4,790	5,104

The Council owns 235.1 hectares (2021/22: 246.8 hectares) 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 note 13) comprising 95.3 hectares (2021/22: 95.3 hectares) at varying stages of maturity ranging from 21 to 30 years (2021/22: 21 to 30 years).

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

Valuation

Independent registered valuers, PF Olsen Limited have valued forestry assets as at 30 June 2023 based on methodology recommended by the New Zealand Institute of Forestry.

A discount rate of 7.8 per cent, applied to pre-tax cash flows, has been used (2021/22: seven per cent).

No allowance for inflation has been provided.

The sensitivity of crop value to discount rate is shown below:

As at 30 June 2023	7%	8% (as used)	9%
Tree crop value (\$m)	5	5	5

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 2023	10%	Base (as used)	-10%
Tree crop value (\$m)	6	5	4

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

Ngā tuhituhi ki ngā Tauāki Pūtea

13. EQUITY ACCOUNTED INVESTMENTS (JOINT VENTURES)

Accounting policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for in the Council's financial statements using the equity method of accounting. The investment is initially recognised at cost. The carrying amount is increased or decreased to recognise the Council's share of the change in the net assets of the entity after the date of acquisition. The Council's share of the surplus or deficit is recognised in the Council's surplus or deficit.

If the share of deficits of the joint venture equals or exceeds the interest in the joint venture, the Council discontinues recognising its share of further deficits. After the Council's interest is reduced to zero, additional deficits are provided as a liability to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports surpluses, the Council will resume recognising its share of those surpluses after its share of the surpluses equals the share of deficits not recognised.

Breakdown of investment in joint venture and further information

As at 30 June 2023, the Council is involved in two forestry joint venture agreements (2021/22: two forestry joint ventures) - Duthie Joint Venture (Council share 54.8 per cent) and McKay Joint Venture (Council share 56.5 per cent). Both joint ventures are domiciled in New Zealand.

The Council's interest in the forestry joint ventures is measured using the equity method of accounting in the group financial statements.

	DUTHIE JV		MCKAY JV		TOTAL Council and Group	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Investment (at cost)	192	192	568	568	760	760
Summarised financial information of joint ventures:						
- Non-current assets: forestry	476	542	1,827	2,152	2,303	2,694
- Current liabilities: creditors and other payables	(4)	(3)	(4)	(3)	(8)	(6)
Net assets	472	539	1,823	2,149	2,295	2,688
Gain on forestry assets	(66)	31	(325)	3	(391)	34
Operating expenditure	(8)	(8)	(9)	(10)	(17)	(18)
Net surplus/(deficit)	(74)	23	(334)	(7)	(408)	16
Attributable to Council and Group¹	(44)	9	(193)	(8)	(237)	1
Reconciliation to equity accounted carrying amount						
Joint ventures net assets (\$'000)	472	539	1,823	2,149	2,295	2,688
Council and Group's share	54.82%	54.82%	56.50%	56.50%	-	-
Equity accounted carrying amount (\$'000)	258	295	1,028	1,214	1,286	1,509

Risks associated with the Council's investment in joint ventures

Shareholder funding commitments for next three years	16	21	8	14	24	35
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¹ Share of joint venture surplus attributable to Council and Group = gain on forestry assets x Council and Group share of joint venture - total operating expenditure.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

14. OTHER FINANCIAL ASSETS

Accounting policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include debtors and other receivables, LGFA borrower notes, term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses which are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value, with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term. Instruments in this category are bonds and shareholding in NZ Local Government Funding Agency (NZ LGFA) and shareholdings in Civic Financial Services Limited.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include derivatives and Council's investment in Tasmanian Land Company Limited and the Perpetual Investment Fund.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Expected credit loss allowance (ECL)

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and including forward-looking information.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- financial assets at FVTSD (which included the Council's investment in Tasmanian Land Company Limited and the Perpetual Investment Fund);
- loans and receivables (which included debtors and other receivables, LGFA borrower notes, term deposits, related party loans and community loans); and
- FVTOCRE (which included bonds and shareholder in NZ Local Government Funding Agency (NZ LGFA) and shareholdings in Civic Financial Services Limited).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Subsidiaries

The Council consolidates in the group financial assets those entities it controls. Control exists if all three of the following elements are present: power over the entity, exposure to variable returns from the entity and the ability for the Council to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of the Group's controlled entities are included in the Group financial statements from the date that control commences until the date that control ceases.

The Council's investments in its subsidiaries (Papa Rererangi i Puketapu Limited, New Plymouth PIF Guardians Limited and Venture Taranaki Trust) are carried at cost in the Council's financial statements and are consolidated at Group level.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/2023 Actual \$'000	2021/22 Actual \$'000
CURRENT ASSETS				
Other financial assets				
Term deposits with maturities of four to 12 months	8,582	8,317	9,083	8,818
Community and other loans	1,373	-	1,373	-
Waitara Perpetual Community Fund	19,434	17,616	19,434	17,616
Bonds, shares and other investments (PIF)	256,611	225,574	256,611	225,574
Total other financial assets	286,000	251,507	286,501	252,008
Investment in CCOs and similar entities				
Loan to Papa Rererangi i Puketapu Limited	-	3,299	-	-
Total investment in CCOs and similar entities	-	3,299	-	-
NON-CURRENT ASSETS				
Other financial assets				
Term deposits with maturities greater than 12 months	280	480	280	480
Community and other loans	3,282	6,024	3,282	6,024
Bonds, shares and other investments (PIF)	94,170	113,422	94,170	113,423
LGFA borrower notes	4,712	3,192	4,712	3,192
Total other financial assets	102,445	123,118	102,445	123,119
Investment in CCOs and similar entities				
Unlisted shares in Civic Financial Services Ltd and the LGFA	816	838	816	838
Unlisted shares in Papa Rererangi i Puketapu Limited	49,138	49,138	-	-
Loan to Papa Rererangi i Puketapu Limited	15,099	11,800	-	-
Unlisted shares in Tasmanian Land Company Limited	-	896	-	-
Total investment in CCOs and similar entities	65,054	62,672	816	838

a) Breakdown of Council's investment in subsidiaries

Investment In	Principal Activity	2022/23 Actual \$'000	2021/22 Actual \$'000
Papa Rererangi i Puketapu Limited	Operates the New Plymouth Airport	64,237	64,237
New Plymouth PIF Guardians Limited	Oversees the Council's Perpetual Investment Fund	-	-
Venture Taranaki Trust	Taranaki's regional development agency	-	-
Tasmanian Land Company Limited	Wound up	-	896
TOTAL INVESTMENT		64,237	65,133

b) Unlisted shares in subsidiaries (investment in CCOs)

Papa Rererangi i Puketapu Limited (PRIP)

The Council's unlisted shares in PRIP of \$49.1m (2021/22: \$49.1m) 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).

The leasehold interest in the land was last valued as at 30 June 2022 by TelferYoung (Taranaki) Limited in accordance with 2022 International Valuation Standards. The fair value of the land at 30 June is \$16,034,015 (2021/22: \$16,932,879).

While the land is owned by the Council, the Crown retains a 50 per cent 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Tasmanian Land Company (TLC)

The business operations of TLC, along with its subsidiaries Tasman Farms Limited (TFL) and The Van Diemen's Land Company (VLC) were sold on 31 March 2016. On 21 June 2018, TFL was placed into members' voluntary liquidation; however, TLC could not be wound up due to a pending dispute with Fonterra Australia. TLC was finally deregistered on 28 June 2023. As part of the closure, the Council received a \$130,000 dividend and also recognised the expected settlement of \$900,000, both which will be invested with Mercer, net of costs, once all wind up costs are received.

c) Loans to Papa Rererangi i Puketapu Limited (PRIP)

On 3 July 2017 the Council entered into a facility agreement with PRIP, making available to the Company both a non-current loan facility and a current facility.

The interest rate on the non-current loan has been set at the Council's cost of funds plus 0.15 per cent per annum, currently 4.27 per cent (2021/22: 4.1 per cent). No drawdowns have been made against the current facility as at 30 June 2023 and therefore no interest was charged (2021/22: 3.2 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 remeasurement are recognised in the surplus or deficit. The Council's \$1.03m (2021/22 \$0.8m) investment in Tasmanian Land Company is included in the cash allocation balance, however, this amount will be transferred to the fund, net of costs, once all wind up costs are received.

	COUNCIL	
	2022/23 Actual \$'000	2021/22 Actual \$'000
OPENING BALANCE	339,894	346,488
Revenue and gains:		
Net unrealised gains	24,321	5,792
Total revenue and gains	24,321	5,792
Less direct expenses	2,572	2,639
NET SURPLUS FOR THE YEAR	21,749	3,153
Transfers in/(out) of the fund:		
Reimbursement of costs to the Council	(239)	(232)
Release to the Council (including interest)	(10,622)	(9,516)
Total transfers in/(out) of the fund	(10,861)	(9,747)
Net change in PIF investment	10,889	(6,594)
CLOSING BALANCE	350,783	339,894
<i>Portfolio asset allocation:</i>		
Alternative assets	61,352	60,170
Private equity	94,170	80,907
Developed market global equities	116,051	120,514
Emerging markets	18,390	17,695
Fixed revenue	51,993	40,563
Cash	8,827	20,045
CLOSING BALANCE	350,783	339,894

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Through the PIF, the Council has commitments to subscribe to a number of private equity funds. As of 30 June 2023 \$31.6m (2021/22: \$42.3m) of this commitment was yet to be called up.

On 28 June 2023, Parliament passed the New Plymouth District Council (Perpetual Investment Fund) Bill. The objectives of the Bill are to:

- a) ensure that the funds are only used for the benefit of communities in the New Plymouth District;
- b) to provide principles for sustainable management of the funds; and
- c) to ensure investment decisions are made on an independent and prudent commercial basis.

The Bill was given Royal Assent on 6 July 2023.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

15. WAITARA LANDS ACT

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 (refer note 9) as a result of the Act which enforces restrictions on the ownership and disposal of the land by the Council.

On 17 March 2020 \$1.57m of land previously held by Council vested in Te Kāwhatu Tū Moana Trust.

Freehold sales

For the year ended 30 June, five properties were purchased freehold (2021/22: 33). At year end, 460 properties in total have been purchased since the Act came into effect. Proceeds from the sales to date amount to \$52.8m.

For the year ended 30 June, proceeds from the freehold sales have been distributed as follows:

	COUNCIL AND GROUP			
	2021/22 Total sales	Share of sales proceeds from former Borough and portfolio land	Share of sales proceeds from other land	2022/23 Total sales
	\$'000	\$'000	\$'000	\$'000
Waitara Perpetual Community Fund ¹	1,459	99	185	284
Hapū Land Fund ²	1,459	99	184	283
Taranaki Regional Council (River Fund) ³	1,216	-	369	369
NPDC (reimburse costs)	34	-	22	22
TOTAL FREEHOLD SALES	4,168	198	760	958

Leasehold income

For the year ended 30 June, leasehold incomes have been distributed as follows:

	COUNCIL AND GROUP			
	2021/22 Total leasehold income	Share of leasehold income from former Borough and portfolio land	Share of leasehold income from other land	2022/23 Total leasehold income
	\$'000	\$'000	\$'000	\$'000
Waitara Perpetual Community Fund ¹	304	204	112	316
Hapū Land Fund ²	304	204	111	315
Taranaki Regional Council (River Fund) ³	185	0	223	223
NPDC (reimburse costs)	167	18	124	142
TOTAL LEASEHOLD INCOME	960	426	570	996

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Distributions

For the year ended 30 June, proceeds from the Waitara Lands Act have been distributed as follows:

	COUNCIL AND GROUP				
	2021/22 Total distributions \$'000	Share of freehold sales \$'000	Share of leasehold income \$'000	Interest earned \$'000	2022/23 Total distributions \$'000
Waitara Perpetual Community Fund ¹	-	-	-	15	15
Hapū Land Fund ²	1,876	283	315	337	935
Taranaki Regional Council (River Fund) ³	1,401	311	223	-	534
TOTAL WAITARA LANDS ACT DISTRIBUTION EXPENSE	3,277	594	538	352	1,484

Waitara Lands Act restricted reserves and liability

The Council recognises a liability for funds held on behalf the Hapū Land Fund and the Taranaki Regional Council (River Fund) until such time that the funds can be remitted. The amounts held in the Waitara Perpetual Community Fund are included in Council's restricted reserves until the annual releases are determined by the Council for distribution in accordance with Council's Long Term policy.

	COUNCIL AND GROUP				
	Balance at 1 July 2022 \$'000	Net gain/ (losses) on investments \$'000	Share of distributions \$'000	Payments made \$'000	Balance at 30 June 2023 \$'000
Restricted reserves					
Waitara Perpetual Community Fund ¹	18,365	1,471	600	(179)	20,257
Total restricted reserves	18,365	1,471	600	(179)	20,257
Liability					
Hapū Land Fund ²	20,100	337	598	(4,049)	16,986
Taranaki Regional Council (River Fund) ³	379	-	592	(439)	532
Total liability	20,479	337	1,190	(4,488)	17,518
TOTAL WAITARA LANDS ACT RESTRICTED RESERVES AND LIABILITY	38,844	1,808	1,790	(4,667)	37,775

¹ The Council holds funds in term deposit on behalf of the Waitara Community Board for the establishment of Waitara Perpetual Community Fund (refer note 14).

At 30 June, \$0.3m was held on a separate bank account (refer note 16) (2021/22: \$0.1m) and \$19.4m was held on term deposit at an interest rate of 1.57 per cent (2021/22: \$17.6m at 1.48 per cent). At 30 June there was \$0.4m yet to be transferred by the Council to the Waitara Perpetual Community Fund bank account (2021/22: \$0.6m).

² The Council holds funds in a separate bank account held for the establishment of the Hapū Land Fund (refer note 16). At 30 June, the balance of the account was \$6.4m (2021/22: \$19.3m) and \$10m was held on a term deposit at an interest rate of 4.2 per cent (2021/22: nil). As at 30 June there was \$0.4m yet to be transferred by the Council to the bank account (2021/22: \$0.6m).

³ During the year, cash distributions totalling \$0.6m were made to the Taranaki Regional Council (River Fund) (2021/22: \$1.4m). At 30 June 2023, there was \$0.5m yet to be distributed (2021/22: \$0.4m).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

16. 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 overdrafts 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	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Cash at bank and on hand	45,939	35,971	51,156	39,602
TOTAL CASH AND CASH EQUIVALENTS	45,939	35,971	51,156	39,602

Funds subject to restrictions

The Council holds unspent funds of \$40.4m (2021/22: \$43.1m) that are subject to restrictions and are included in cash and cash equivalents and other financial assets. These unspent funds relate to trusts and bequests received, term deposits associated with underlying loans, lump sum contributions, Waitara Lands Act operations account, Waitara Perpetual Community Fund and Hapū Land 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

17. DEBTORS AND OTHER RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Net trade receivables				
Trade receivables	9,267	7,720	9,844	8,169
Rates receivables	4,273	3,441	4,273	3,441
Other receivables	1,475	815	1,613	910
Provision for doubtful receivables	(1,205)	(965)	(1,220)	(972)
NET DEBTORS	13,810	11,011	14,510	11,548
Other prepayments	1,249	880	1,271	900
Accruals				
Accrued revenue	2,704	1,882	2,705	1,890
GST receivable	3,198	3,850	3,338	3,972
	5,902	5,732	6,043	5,862
TOTAL DEBTORS AND OTHER RECEIVABLES	20,961	17,623	21,824	18,310
<i>Total receivables comprise:</i>				
Receivables from exchange transactions ¹	16,030	14,293	16,893	14,980
Receivables from non-exchange transactions ²	4,931	3,330	4,931	3,330
TOTAL DEBTORS AND OTHER RECEIVABLES	20,961	17,623	21,824	18,310

¹ Includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

² Includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

a) Expected credit loss

The expected credit loss rates for receivables at 30 June 2023 and 1 July 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses at 30 June 2023 and 1 July 2022 was determined as follows:

	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
COUNCIL					
30 June 2023					
Expected credit loss rate	0%	0%	0%	31%	-
Gross carrying amount (\$'000)	12,428	664	41	3,859	16,992
Lifetime expected credit loss (\$'000)	-	-	-	1,207	1,207
1 July 2022					
Expected credit loss rate	0%	0%	0%	23%	-
Gross carrying amount (\$'000)	13,903	278	197	4,210	18,588
Lifetime expected credit loss (\$'000)	-	-	-	965	965
GROUP					
30 June 2023					
Expected credit loss rate	0%	1%	7%	31%	-
Gross carrying amount (\$'000)	13,156	677	45	3,877	17,755
Lifetime expected credit loss (\$'000)	-	7	3	1,227	1,237
1 JULY 2022					
Expected credit loss rate	0%	1%	2%	23%	-
Gross carrying amount (\$'000)	14,583	289	200	4,210	19,282
Lifetime expected credit loss (\$'000)	0	4	3	965	972

b) Rates receivables

The Council and Group does not provide for ECLs on rates receivable. The Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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

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

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
At 1 July	965	782	972	782
Additional provisions made during the year	242	183	250	190
TOTAL PROVISION FOR UNCOLLECTABILITY	1,207	965	1,222	972

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

18. CREDITORS AND OTHER PAYABLES

Accounting policy

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

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Trade payables	20,994	15,750	21,865	16,476
Deposits and bonds	2,091	1,672	2,091	1,672
Revenue in advance	8,505	3,472	9,424	5,108
Contract retentions	324	170	324	151
Other payables	2,196	1,995	2,224	2,192
Accrued interest on borrowings	1,980	1,125	1,980	1,125
TOTAL CREDITORS AND OTHER PAYABLES	36,090	24,184	37,908	26,724
TOTAL CREDITORS AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	36,090	24,184	37,908	26,724

19. 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 the effective interest method.

Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	COUNCIL AND GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000
Current		
Debenture stock	44,142	29,000
Local Government Funding Agency	30,000	15,000
TOTAL CURRENT BORROWINGS	74,142	44,000
Non-Current		
Debenture stock	-	5,000
Local Government Funding Agency	189,500	154,500
TOTAL NON-CURRENT BORROWINGS	189,500	159,500

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Interest terms

The Council has \$49.5m of its total debt of \$263.6m issued at fixed rates of interest (2021/22: \$54.5m of \$203.5m). 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 1.4 per cent to 6.4 per cent (2021/22: 1.2 per cent to 5.5 per cent) – weighted average rate of 3.7 per cent (2021/22: 3.2 per cent). Total interest costs were \$9.7m (2020/21: \$6.5m).

The Council has \$181m of interest rate swaps and \$57m in forward interest rates swaps in place to fix and manage interest payments (refer note 24).

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, the Council has issued to its bankers security certificates totaling \$18.6b (2021/22: \$16.8b) to secure the various bank loan facilities, bank overdraft and guarantees issued on behalf of the Council.

Fair value

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 \$40.5m (2021/22: \$49.5m) 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 \$40.8m (2021/22: \$49.8m). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 2.7 per cent (2021/22: 3.0 per cent).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

20. PROVISIONS

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the 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	
	2022/23 Actual \$'000	2021/22 Actual \$'000
Current provisions		
Weathertightness claims	-	-
Landfill aftercare provision	283	318
Other	809	680
TOTAL CURRENT PROVISIONS	1,092	998
Non-current provisions		
Landfill aftercare provision	1,784	2,411
TOTAL NON-CURRENT PROVISIONS	1,784	2,411

	Weather-tightness Claims	Landfill Aftercare	Carbon Credits	Other	Council and Group
BALANCE AT 30 JUNE 2022	-	2,729	-	680	3,409
Additional provisions made	-	-	-	129	129
Amounts used	-	(662)	-	-	(662)
BALANCE AT 30 JUNE 2023	-	2,067	-	809	2,876

a) Weathertightness claims

No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) in the year to 30 June 2023 (2021/22: Nil). All claims have been lodged as at 30 June.

The Council acknowledges that it may be liable for claims in the future relating to weathertightness of 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.

b) 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 2.35 per cent (2021/22: 2.35 per cent) and a discount rate of 4.85 per cent (2021/22: 2.9 per cent).

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 recovery, implementation of remedial measures such as needing for cover and control systems, ongoing site maintenance for drainage systems and final cover and vegetation.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

21. 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	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Current employee entitlements				
Annual leave	3,592	3,669	3,766	3,860
Accrued pay and sick leave	2,152	1,701	2,285	1,701
TOTAL CURRENT EMPLOYEE ENTITLEMENTS	5,744	5,370	6,051	5,561
Non-current employee entitlements				
Long service leave	104	85	104	85
Retirement gratuities	398	396	398	396
TOTAL NON-CURRENT EMPLOYEE ENTITLEMENTS	502	481	502	481

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

22. 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 surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax and deferred tax are calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 statement of financial position 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 surpluses 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 and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

a) Components of tax expense

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Current tax	-	-	42	48
Deferred tax	-	-	712	(158)
TOTAL INCOME TAX (REFUND)/EXPENSE	-	-	754	(110)

b) Relationship between tax expense and accounting profit

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Surplus/(deficit) before tax	(14,439)	5,357	(11,992)	4,809
Tax at 28 per cent	(4,043)	1,500	(3,358)	1,347
(Less)/plus tax effect of non-assessable revenue	4,043	(1,500)	4,112	(1,457)
TOTAL INCOME TAX/(REFUND)	-	-	754	(110)

c) Current tax asset/(liability)

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
TAX (PAYABLE)/RECEIVABLE	-	-	42	-

The Council has \$1,388,432 (2021/22: \$475,114) unrecognised tax losses available to carry-forward.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

d) Group deferred tax asset/(liability)

	Property, plant and equipment \$'000	Other provisions and tax losses \$'000	Total \$'000
BALANCE AT 1 JULY 2021	(218)	66	(152)
Charged to surplus or deficit	-	158	158
Adjustments to current tax in prior years	(1,771)	-	(1,771)
BALANCE AT 30 JUNE 2022	(1,989)	224	(1,765)
Charged to surplus or deficit	-	(713)	(713)
Charged to other comprehensive revenue and expense	(2,333)	-	(2,333)
Adjustments to current tax in prior years	-	43	43
BALANCE AT 30 JUNE 2023	(4,322)	(446)	(4,768)

23. EQUITY AND CAPITAL MANAGEMENT

Accounting policy

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.
- Asset 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 is deducted from the fund.

Ordinary reserves

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 for certain specified purposes or when certain specified conditions are met.

Asset revaluation reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Accumulated funds				
BALANCE AT 1 JULY	1,606,616	1,592,715	1,594,494	1,579,020
Losses transferred from property, plant and equipment revaluation reserve	(650)	-	(607)	-
Transfer (to)/from reserves	21,156	8,544	21,156	10,555
Surplus for the year	(14,439)	5,357	(12,746)	4,919
TOTAL ACCUMULATED FUNDS AT 30 JUNE	1,612,683	1,606,616	1,602,297	1,594,494
Reserves include:				
BALANCE AT 30 JUNE				
Property, plant and equipment revaluation reserve	1,928,507	1,935,841	1,952,269	1,954,503
Fair value through other comprehensive revenue and expense	113	134	113	134
Foreign currency translation reserve	-	-	-	29
Transfer to restricted reserves	28,652	30,573	28,652	30,573
Transfer from restricted reserves	(50,215)	(39,235)	(50,215)	(39,235)
Interest on restricted reserves	407	122	407	122
Opening balance reserves	84,153	92,693	84,153	92,693
TOTAL RESERVES	1,991,617	2,020,128	2,015,379	2,038,819
Property, Plant and Equipment Revaluation Reserve				
BALANCE AT 1 JULY	1,935,841	1,450,978	1,954,503	1,466,374
Revaluation gains/(losses)	(7,984)	484,863	(551)	491,911
Transfer to accumulated funds on disposal of property	-	-	-	-
Losses transferred to accumulated funds	650	-	650	-
Deferred tax on revaluation	-	-	(2,333)	(1,771)
Deferred tax liability on revaluation transferred from accumulated funds	-	-	-	(2,011)
TOTAL REVALUATION RESERVE AT 30 JUNE	1,928,507	1,935,841	1,952,269	1,954,503
<i>Property revaluation reserves for each asset class consist of:</i>				
- Infrastructure	1,618,258	1,628,448	1,620,789	1,628,448
- Operational land	54,638	54,638	68,594	69,493
- Operational buildings	103,458	105,490	110,734	109,297
- Restricted land	136,094	136,400	136,094	136,400
- Operational library	-	(472)	-	(472)
- Restricted art/museum	16,059	11,338	16,059	11,338
	1,928,507	1,935,841	1,952,269	1,954,503

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

a) Ordinary and restricted reserves

	Balance at 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance at 30 June \$'000
2022/23 - COUNCIL AND GROUP				
Renewal and disaster funds	42,101	20,090	(36,256)	25,935
Restricted reserves, Trust and bequest funds	12,808	831	(3,215)	10,424
Waitara Perpetual Community Fund (note 15)	18,365	5,013	(3,121)	20,257
Operating reserve funds ¹	9,545	80	(4,409)	5,216
Development funds	1,334	3,045	(3,214)	1,165
TOTAL ORDINARY AND RESTRICTED RESERVES	84,153	29,059	(50,215)	62,997
2021/22 - COUNCIL AND GROUP				
Renewal and disaster funds	45,957	22,722	(26,628)	42,101
Restricted reserves, Trust and bequest funds	14,635	657	(2,484)	12,808
Waitara Perpetual Community Fund (note 15)	18,461	3,510	(3,606)	18,365
Operating reserve funds ¹	12,306	441	(3,202)	9,445
Development funds	1,334	3,315	(3,315)	1,334
TOTAL ORDINARY AND RESTRICTED RESERVES	92,693	30,695	(39,235)	84,153

¹ The opening balance of the operating reserves funds for the Council only is \$9,545,000, which differs from the Group value of \$9,489,000 by \$56,000. Transfers in and out of the fund are the same for both Council and Group.

b) Purpose of each reserve

Council created reserves include self-insurance (disaster) reserves, trust and bequest reserves and reserves for different areas of benefit.

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. The renewal funds are applied to all activities throughout Council. The Council maintains a disaster fund as part of its insurance strategies, which can be made available for specific unforeseen events. This reserve is built up annually from general rates and can only be used with Council approval.

Restricted reserves, Trust and bequest funds

These reserves have been created for funds which are restricted for a particular purpose such as bequests or operations in trust under specific Acts. Changing the use of the funds would need court or third party approval. Transfers from these reserves can be made only for certain specified purposes, or when specified conditions are met. Deductions are made where the funds have been used and interest is added to these reserves where applicable. Restricted reserves 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 and Puke Ariki and Len Lye Centre/Govett-Brewster Art Gallery activities.

Other reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers. Any surplus or deficit relating to these separate areas is applied to the specific reserves. Other reserves include the following:

- 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.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

- **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) **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 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 Long-Term Plan.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

24. 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.

Other financial instruments

As at 30 June 2023 the Council and Group has adopted PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and Group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council and Group's accounting policies are:

- Note 16 – Debtors and other receivables. This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified Expected Credit Loss model.
- Note 14 – Other financial assets. This policy has been updated to reflect:
 - the new classification categories; and
 - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model.

On the date of initial of application of PBE IPSAS 41, the classification of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below. There was no change in the carrying amounts of these financial assets.

			Actual 1 July 2022	Actual 1 July 2022	Adoption adjustment
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29 \$'000	PBE IPSAS 41 \$'000	\$'000
Financial assets					
Bonds and shareholding	FVTOCRE	FVTOCRE	49,476	49,476	-
Derivatives	FVTSD	FVTSD	4,413	4,413	-
Cash and cash equivalents	Loans and receivables	Amortised cost	35,971	35,971	-
Receivables	Loans and receivables	Amortised cost	17,623	17,623	-
Term deposits	Loans and receivables	Amortised cost	29,605	29,605	-
Community loans	Loans and receivables	Amortised cost	6,024	6,024	-
Loans to related parties	Loans and receivables	Amortised cost	15,099	15,099	-
Investment in Tasmanian Land Company Limited	FVTSD	FVTSD	896	896	-
Perpetual Investment Fund	FVTSD	FVTSD	338,996	338,996	-
LGFA borrower notes	Loans and receivables	FVTSD	3,192	3,192	-
Total financial assets			501,295	501,295	-

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

	PBE IPSAS 29	PBE IPSAS 41	Actual	Actual	Adoption adjustment
			1 July 2022	1 July 2022	
			PBE IPSAS 29	PBE IPSAS 41	
			\$'000	\$'000	\$'000
Financial liabilities					
Creditors and other payables	Amortised cost	Amortised cost	20,712	20,712	-
Borrowings - debenture stock	Amortised cost	Amortised cost	34,000	34,000	-
Borrowings - LGFA	Amortised cost	Amortised cost	169,500	169,500	-
Interest rate swaps	FVTSD	FVTSD	338	338	-
Total financial liabilities			224,550	224,550	-

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

a) 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.

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.

Outstanding fixed or floating	COUNCIL AND GROUP					
	Average Contract Fixed Interest		Notional Principal Amount		Fair Value	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	%	%				
Less than one year	4.23	4.00	17,000	6,000	190	(26)
One to five years	3.29	3.56	167,000	91,000	6,357	1,826
Greater than five years	3.97	3.52	54,000	76,000	854	2,275
	3.51	3.56	238,000	173,000	7,401	4,075

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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.

30 JUNE 2023	COUNCIL AND GROUP \$'000			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
Financial assets				
Cash at bank and term deposits	-	-	-	-
Derivative financial instruments	(4,838)	-	4,629	-
LGFA borrower notes	1,685	-	183	-
Financial liabilities				
Derivative financial instruments	(287)	-	258	-
Borrowings - secured loans	7,852	-	(7,853)	-
TOTAL SENSITIVITY	4,412	-	(2,783)	-

30 JUNE 2022	COUNCIL AND GROUP \$'000			
	-100bps		+100bps	
	Surplus	Equity	Surplus	Equity
Financial assets				
Cash at bank and term deposits	-	-	-	-
Derivative financial instruments	(5,242)	-	4,860	-
LGFA borrower notes	(2,793)	-	108	-
Financial liabilities				
Derivative financial instruments	(839)	-	772	-
Borrowings - secured loans	5,084	-	(5,083)	-
TOTAL SENSITIVITY	(3,790)	-	657	-

b) 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 26.

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 New Plymouth PIF Guardians Limited (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:

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
MAXIMUM EXPOSURE TO CREDIT RISK				
Cash at bank and term deposits	54,801	44,768	60,519	48,420
Debtors and other receivables	19,710	16,743	20,551	17,410
Community and related party loans	19,619	21,122	4,521	6,024
LGFA borrower notes	4,712	3,192	4,712	3,192
Bonds, shares and other investments (PIF)	350,781	339,892	350,781	338,997
	449,623	425,718	441,084	414,043
CREDIT QUALITY OF FINANCIAL ASSETS				
Counterparties with credit ratings - cash at bank and term deposits; LGFA borrower notes				
AA- or higher	58,496	51,930	63,713	55,562
A-	1,017	1,029	1,518	1,029
TOTAL CASH AT BANK AND TERM DEPOSITS	59,513	52,959	65,231	56,591

c) 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 \$15m (2021/22: \$24m). There are no restrictions on the use of the facilities. At balance date \$nil had been drawn down on these facilities (2021/22: \$5m).

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 26.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

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

The following tables analyse the Council's financial assets and 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 and receipts.

COUNCIL 2023	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets/ liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	45,939	-	-	45,939	45,939
Debtors and other receivables	19,712	-	-	19,712	19,712
Term deposits	8,622	289	-	8,911	8,862
Community and related party loans	1,010	5,644	20,410	27,067	19,754
LGFA borrower notes	682	2,452	2,972	6,106	4,712
TOTAL FINANCIAL ASSETS	75,965	8,385	23,382	107,732	98,979
Financial liabilities					
Creditors and other payables	27,585	-	-	27,585	27,585
Borrowings	75,765	82,173	160,519	318,457	263,642
TOTAL FINANCIAL LIABILITIES	103,350	82,173	160,519	346,042	291,227

COUNCIL 2022	Less than 1 year	Between 1 and 5 years	Over 5 years	Contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	35,971	-	-	35,971	35,971
Debtors and other receivables	16,743	-	-	16,743	16,743
Term deposits	8,342	498	-	8,840	8,797
Community and related party loans	3,456	3,813	16,887	24,156	21,123
LGFA borrower notes	273	2,021	1,470	3,764	3,192
TOTAL FINANCIAL ASSETS	64,785	6,332	18,357	89,474	85,826
Financial liabilities					
Creditors and other payables	20,712	-	-	20,712	20,712
Borrowings	44,342	81,555	98,193	224,090	203,500
TOTAL FINANCIAL LIABILITIES	65,054	81,555	98,193	244,802	224,212

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

GROUP 2023	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Contractual cash flows \$'000	Carrying amount \$'000
Financial assets					
Cash and cash equivalents	51,156	-	-	51,156	51,156
Debtors and other receivables	20,553	-	-	20,553	20,553
Term deposits	8,622	289	-	8,911	9,363
Community and related party loans	440	3,367	39	3,846	4,655
LGFA borrower notes	682	2,452	2,972	6,106	4,712
TOTAL FINANCIAL ASSETS	81,453	6,108	3,011	90,572	90,439
Financial liabilities					
Creditors and other payables	28,484	-	-	28,484	28,484
Borrowings	75,765	82,173	160,519	318,457	263,639
TOTAL FINANCIAL LIABILITIES	104,249	82,173	160,519	346,941	292,123

GROUP 2022	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Contractual cash flows \$'000	Carrying amount \$'000
Financial assets					
Cash and cash equivalents	39,602	-	-	39,602	39,602
Debtors and other receivables	17,409	-	-	17,410	17,410
Term deposits	8,342	498	-	8,840	9,298
Community and related party loans	(434)	1,873	110	1,549	6,024
LGFA borrower notes	273	2,021	1,470	3,764	3,192
TOTAL FINANCIAL ASSETS	65,192	4,392	1,580	71,165	75,526
Financial liabilities					
Creditors and other payables	21,616	-	-	21,616	21,616
Borrowings	44,342	81,555	98,193	224,090	203,500
TOTAL FINANCIAL LIABILITIES	65,958	81,555	98,193	245,706	225,116

d) Fair value estimation

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

Ngā tuhituhi ki ngā Tauāki Pūtea

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
30 JUNE 2023 - COUNCIL				
Financial assets				
Bonds, shares and other investments (PIF)	350,781	256,611	-	94,170
Shares in Civic Financial Services Ltd and the LGFA	816	-	816	-
Derivative financial instruments	7,435	-	7,435	-
Financial liabilities				
Derivative financial instruments	34	-	34	-
30 JUNE 2022 - COUNCIL				
Financial assets				
Bonds, shares and other investments (PIF)	339,892	226,470	32,515	80,907
Shares in Civic Financial Services Ltd and the LGFA	838	-	838	-
Derivative financial instruments	4,413	-	4,413	-
Financial liabilities				
Derivative financial instruments	338	-	338	-
30 JUNE 2023 - GROUP				
Financial assets				
Bonds, shares and other investments (PIF)	350,781	256,611	-	94,170
Shares in Civic Financial Services Ltd and the LGFA	816	-	816	-
Derivative financial instruments	7,435	-	7,435	-
Financial liabilities				
Derivative financial instruments	34	-	34	-
30 JUNE 2022 - GROUP				
Financial assets				
Bonds, shares and other investments (PIF)	338,997	226,470	32,515	80,012
Shares in Civic Financial Services Ltd and the LGFA	838	-	838	-
Derivative financial instruments	4,413	-	4,413	-
Financial liabilities				
Derivative financial instruments	338	-	338	-

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	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
BALANCE AT 1 JULY	80,907	55,995	80,204	56,103
Gain and losses recognised in other comprehensive revenue and expense	-	-	-	-
Purchases	6,017	11,210	6,017	11,210
Sales	(1,679)	(8,201)	(1,679)	(8,201)
Transfers into level 3	8,925	-	9,821	-
Gains and losses recognised in the surplus or deficit	-	21,903	-	21,092
BALANCE AT 30 JUNE	94,170	80,907	94,363	80,204

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

e) Reconciliation of movements in liabilities arising from financing activities

The table below provides a reconciliation between the opening and closing balance of liabilities with cash flows that were, or future cash flows that will be, classified as a financing activity in the Statement of Cash Flows.

	COUNCIL		GROUP	
	2022/23 Debtures and other loans \$'000	2021/22 Debtures and other loans \$'000	2022/23 Debtures and other loans \$'000	2021/22 Debtures and other loans \$'000
BALANCE AT 1 JULY	203,500	203,500	203,500	203,500
Cash inflows	100,142	11,000	100,142	11,000
Cash outflows	(40,000)	(11,000)	(40,000)	(11,000)
Non-cash changes	-	-	-	-
BALANCE AT 30 JUNE	263,642	203,500	263,642	203,500

f) Financial instrument risks

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. A balance is achieved through having variable terms that spread the risk of fluctuating interest rates. Council mitigates exposure to cash flow interest rate risk by having a mixture of floating and fixed loans and using interest rate swaps.

	COUNCIL AND GROUP	
	2022/23 Actual	2021/22 Actual
Derivative financial instruments		
Non-current asset portion	7,245	4,413
Current liability portion	-	(26)
Non-current liability portion	(34)	(312)
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	7,211	4,075

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 New Plymouth PIF Guardians. 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.

	2022/23 \$'000				2021/22 \$'000			
	-100pbs		+100bps		-100pbs		+100bps	
	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity
PIF Investments								
Foreign exchange risk	7,642	-	(7,642)	-	7,869	-	(7,869)	-
Equity price risk	(19,604)	-	19,604	-	(16,586)	-	16,586	-
TOTAL SENSITIVITY	(11,962)	-	11,962	-	(8,717)	-	8,717	-

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

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

g) Financial instrument categories

The accounting policies for financial instruments have been applied to the following categories.

Financial Assets	Financial Liabilities
FAIR VALUE THROUGH SURPLUS OR DEFICIT	FAIR VALUE THROUGH SURPLUS OR DEFICIT
Interest rate swaps - refer notes 24(a), 24(d)	Interest rate swaps - refer notes 24(a), 24(d)
Bonds, shares and other investments (PIF) – refer note 14	
Local Government Funding Agency borrower notes	
AMORTISED COST	AMORTISED COST
Cash and cash equivalents – refer note 16	Creditors and other payables – refer note 18
Debtors and other receivables – refer note 17	Borrowings – refer note 19
Other financial assets – refer note 14	- Debenture stock
- Term deposits	- Local Government Funding Agency
- Loan to Papa Rererangi i Puketapu Ltd	
- Community loans	
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE	
Other financial assets – refer note 14	
- 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.

25. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the results and assets and liabilities of the Council and other entities in which the 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). 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 (2021/22: Nil).

Refer to note 7 for key management personnel disclosures.

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

26. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

Emissions Trading Scheme (ETS)

The Council has 235.9 hectares (2021/22: 235.9 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. There were 6.3 hectares harvested in 2023/23 due to wind damage (2021/22: no harvest). There is a four year stand down period allowed between harvest and replanting. The Council intends to replant the area in native trees in line with Council's Planting our Place programme. It is anticipated that the ETS gained from the various Planting our Place programme will be sufficient to cover any potential ETS liability and therefore, the Council does not consider that it has a contingent liability in relation to this matter.

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. The financial strength of LGFA was reaffirmed by Fitch Ratings who maintained the LGFA domestic currency credit rating at 'AA+' in October 2023 while the 'AAA' rating from S&P Global Ratings remains the same as the New Zealand Government.

The Council is one of 30 local authority shareholders and 70 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 the Council's rates as a proportion of the total rates for all guaranteeing local authorities. At 30 June 2023 LGFA had borrowings totalling \$17.7b (2021/22: \$15.8b).

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

NPDC was previously a member of the RiskPool scheme. The Scheme is in wind down, however, NPDC has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in *Napier City Council v Local Government Mutual Funds Trustee Limited*, it has been clarified that RiskPool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). RiskPool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

A call for \$100,000 was made by the board of Civic Liability RiskPool during the year to 30 June 2019. Further calls may be required until the RiskPool is wound up. No call was made during the year to 30 June 2023 (2021/22: \$nil).

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

Event underwriting

In May 2021 Council entered into an agreement to underwrite the Taranaki Arts Festival Trust for an one off payment up to \$1.9m in case of a pandemic related cancellation of WOMAD between 2022 and 2026 inclusive. The underwrite is for a period of five years.

The cancellation of the 2022 WOMAD was funded by Central Government and no claims were made against the current agreement as at 30 June 2023.

Weather events

A large slip occurred on Council owned reserve land as a result of heavy rainfall events in July 2022, which has affected adjoining land owners' property. Council has completed a range of legal and geotechnical assessments and decided not to contribute to remediation of the slip. It is currently too early to determine whether any formal claim will be made against Council as a result, and what the financial exposure might be.

Reasonable care

It is claimed that Council has not exercised reasonable skill and care and is liable for costs to remediate construction defects and associated damage to a residential building. A Statement of Defence was filed on 1 September 2023. Site inspections due in November 2023 will further inform Council's position.

Resource consent

Waiver of charges and reimbursement of allegedly unreasonable costs incurred was sought as part of processing a resource consent application relating to development of a site. Discussions continue with the developer with the intention of resolving the matter without formal proceedings.

There are no other known material contingent liabilities as at 30 June 2023 apart from the disclosed above (2021/22: nil).

Contingent assets

There are no known material contingent assets as at 30 June 2023 (2021/22: nil).

27. FINANCE INCOME AND FINANCE COSTS

	COUNCIL		GROUP	
	2022/23 Actual \$'000	2021/22 Actual \$'000	2022/23 Actual \$'000	2021/22 Actual \$'000
Finance income				
Interest income - term deposits	2,004	920	2,097	942
Interest income - related party loans	631	582	7	-
Other interest	-	-	-	-
Total finance income	2,635	1,502	2,104	942
Interest on bank borrowing (note 19)	(9,668)	(6,464)	(9,669)	(6,464)
IRD use of money	(3)	(4)	(3)	(4)
Total finance costs	(9,671)	(6,468)	(9,672)	(6,468)
NET FINANCE COSTS	(7,036)	(4,966)	(7,568)	(5,526)

Notes to the Financial Statements

Ngā tuhituhi ki ngā Tauāki Pūtea

28. EVENTS OCCURRING AFTER THE BALANCE DATE

Three Waters Reform

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes 10 publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

As part of the Three Waters Reform, the Government has provided a 'Better Off' Funding package, to be released in two tranches. Council approved applying for \$7.9m in the first tranche at a Council meeting on 27 September 2022. The second tranche of funding is \$24.9m and will be available to Council from 1 July 2024, however application towards this funding is yet to be determined as part of the Long-Term Plan 2024-2034. Accepting the funding does not commit Council to support the Three Waters Reform but does bring obligations to provide information to the Department of Internal Affairs for the transition due to enactment of the Water Services Entities Act noted above.

Funding Impact Statement

Ngā tuhituhi ki ngā Tauāki Pūtea

NEW PLYMOUTH DISTRICT COUNCIL

FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL

for the year ended 30 June 2022

	Annual Plan 2021/22 (\$m)	Annual Report 2021/22 (\$m)	Annual Plan 2022/23 (\$m)	Actual 2022/23 (\$m)
Sources of operating funding				
General rates, uniform annual charges, rates penalties	70.42	70.87	76.25	76.26
Targeted rates	39.33	39.52	41.19	41.31
Subsidies and grants for operating purposes	8.95	8.17	8.04	8.33
Fees and charges	25.97	25.72	31.68	28.09
Interest and dividends from investments	12.28	13.67	13.37	15.98
Local authorities fuel tax, fines, infringement fees, and other receipts	1.38	1.22	1.35	1.31
Total operating funding (A)	158.33	159.16	171.88	171.27
Applications of operating funding				
Payments to staff and suppliers	(131.32)	(134.54)	(147.43)	(154.62)
Finance costs	(6.92)	(6.47)	(6.87)	(9.67)
Internal charges and overheads applied	-	-	4.85	-
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	(135.58)	(141.01)	(149.45)	(164.30)
Surplus/(deficit) of operating funding (A - B)	22.76	18.15	22.43	6.98
Sources of capital funding				
Subsidies and grants for capital expenditure	22.76	14.76	17.70	17.49
Development and financial contributions	2.96	3.32	3.08	3.04
Increase in debt	23.03	0.05	47.20	60.82
Gross proceeds from sale of assets	7.68	4.17	7.56	1.14
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	56.43	22.29	75.54	82.51
Applications of capital funding				
Capital expenditure				
- to meet additional demand	(8.21)	(4.23)	(9.63)	(9.04)
- to improve the level of service	(30.32)	(26.42)	(40.11)	(39.73)
- to replace existing assets	(41.03)	(30.31)	(44.66)	(36.78)
(Increase)/decrease in reserves	6.93	(6.47)	(3.37)	8.75
(Increase)/decrease of investments	(6.56)	26.97	(0.20)	(12.68)
Total applications of capital funding (D)	(79.19)	(40.45)	(97.97)	(89.48)
Surplus/(deficit) of capital funding (C - D)	(22.76)	(18.16)	(22.43)	(6.98)
FUNDING BALANCE (A - B) + (C - D)	-	-	-	-

Other information to be provided

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

Depreciation and amortisation expense				
Depreciation expense	41.86	43.02	45.05	51.22
less deferred/unfunded	(19.30)	(20.46)	(22.92)	(29.53)
Net funding transferred to renewals reserves	22.57	22.57	22.13	21.69

Disclosure Statement

Tauāki Whawhāki

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

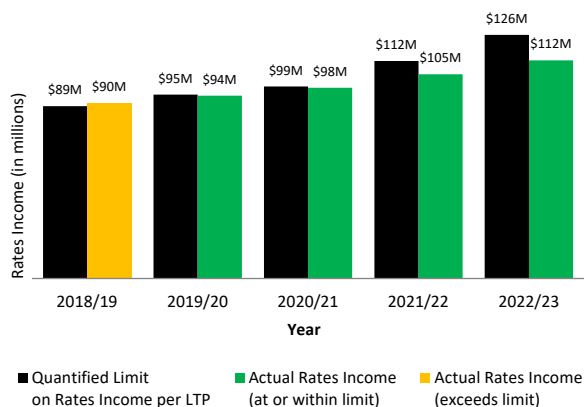
The Council meets the rates affordability benchmark if:

- 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 benchmark

The following graph compares The Council's actual rates income in actual dollars with the quantified limit on rates contained in the Financial Strategy included in the Council's Long-Term Plans (LTP).

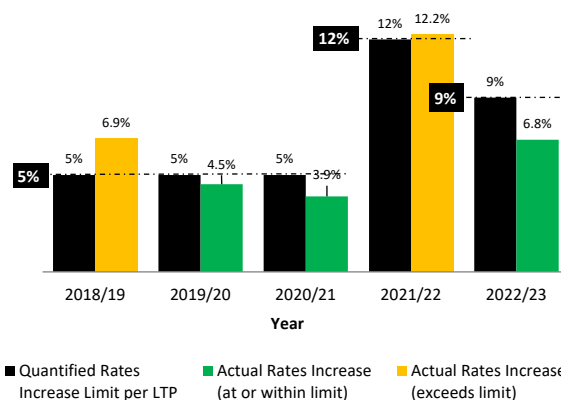
In 2018/19 the Council resolved to exceed the rates limit to achieve outcomes proposed in the LTP 2018-2028.



Rates increases benchmark

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. The quantified limit for 2018/19, 2019/20 and 2020/21 is that the rates increases will not exceed the five per cent limit set in the LTP 2018-2028. For 2021/22 it must not exceed 12 per cent and for 2022/23 it must not exceed the nine per cent limit set in the LTP 2021-2031.

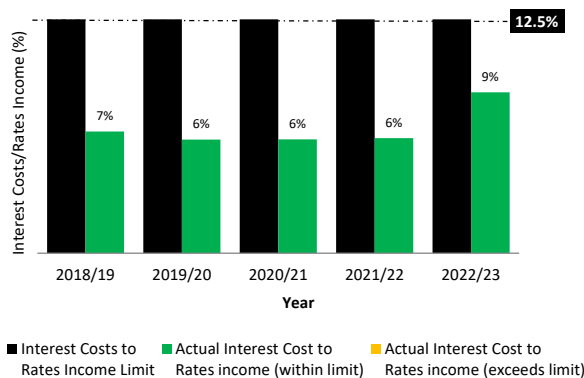
In 2018/19 the Council resolved to exceed the rates limit to achieve outcomes proposed in the LTP 2018-2028. In 2021/22 the Council's actual rates have exceeded the limit by 0.2 per cent.



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. The quantified limit is that interest costs on external debt should be less than 12.5 per cent of annual rates revenue.



Disclosure Statement

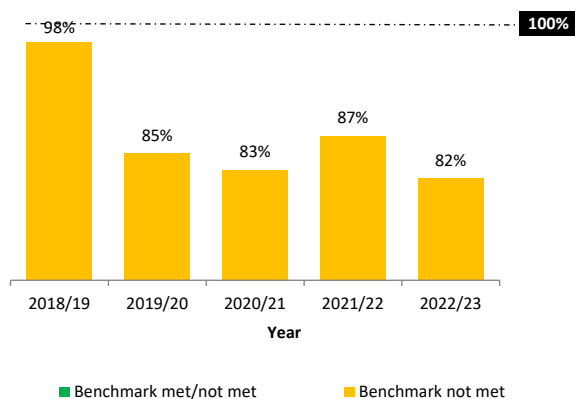
Tauāki Whawhāki

Balanced budget benchmark

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.

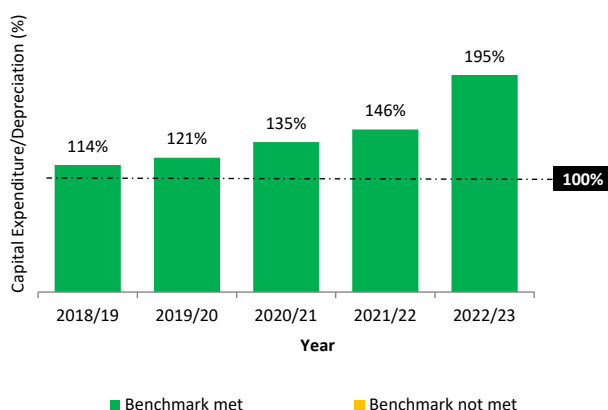
The benchmark has not been met since the introduction of the Waitara Lands Act in 2018/19, requiring the recognition of the net income from the section sales as a liability to be distributed.

In addition, from 2019/20 the results had declined further due to increased depreciation on long life assets, as a result of the 30 June 2019 and 2022 revaluations, not being funded by current ratepayers.



Essential services benchmark

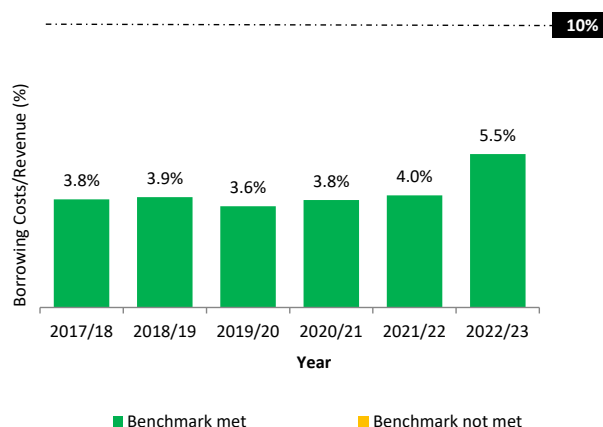
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services is greater than depreciation on network services.



Debt servicing benchmark

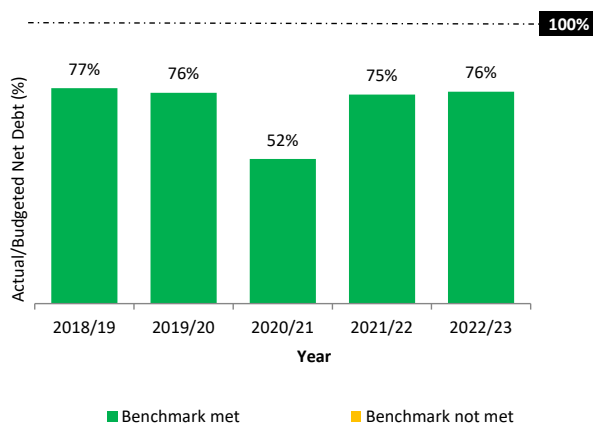
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative instruments and revaluations of property, plant or equipment).

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 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.



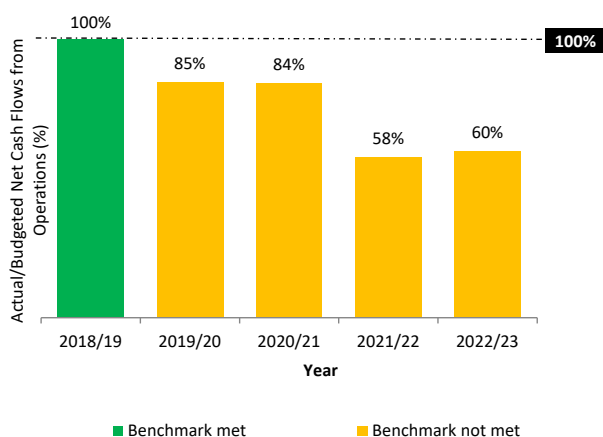
Disclosure Statement

Tauāki Whawhāki

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 in 2019/20 and 2020/21, this was primarily due to fluctuations in investment income and the recognition of the Waitara Lands Act distributions. The further decline in 2021/22 was due to the timing of budgeting and receipting of government grants, whilst in 2022/23, increased material costs for maintenance combined with costs of assets vested to other entities has kept the result at a lower level when compared to prior years.



Council Controlled Organisations

Ngā Tōpūtanga Mā Te Kaunihera e Whakahaere

The Council is a shareholder or has an ownership interest in the following Council Controlled Organisations:

- Forestry Joint Ventures
- New Plymouth PIF Guardians Limited
- Papa Rererangi i Puketapu Limited.
- Tasmanian Land Company Limited
- Venture Taranaki Trust



Forestry Joint Ventures

Nature and scope of activity

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. 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) – 83.5 hectares.
- Duthie Joint Venture (54.8 per cent) – 22.7 hectares.

Under the joint venture agreements a total of 106.2 hectares are managed. The landowners of each joint venture provide land and property related inputs. The Council provides management and tending programmes for the crop. Both parties share the returns from the forest harvest on an agreed ration of respective inputs.

The Council's longer-term objective for these investments is to review its involvement after each joint venture is harvested.

Key performance results for 2022/23

Operational performance

1. Complete all programmes outlined in the Forest Management Plans and Agreements.

Assessment: The regime set out in the joint venture agreement was fully completed historically. Aside from inspection and general maintenance, no further work has been required subsequent to this. All programmes outlined in the Forest Management Plan for 2022/23 have been completed.

2. Report annually in compliance with agreements.

Assessment: The joint venture forest has been inspected by PF Olsen Limited with reports sent to the owners annually.

Financial Performance

	Actual 2022/23 (\$m)	Budget 2022/23 (\$m)	Projected 2023/24 (\$m)	Projected 2024/25 (\$m)
Operating expenditure (NPDC funded)	17	15	13	7

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 currently retain the joint ventures to harvest and then review its future position. There are no formal board structures.

New Plymouth PIF Guardians Limited

Nature and scope of activity

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 Council resolved to change the organisational architecture for the management of the Perpetual Investment Fund (PIF) by moving to a full outsourced model. Mercer New Zealand Limited (Mercer) manage the PIF.

Key performance results for 2022/23

Operational performance

A Governance Deed was entered into between the Council and NPG on 1 March 2017 and sets out the objectives for the management of the PIF:

1. 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 on the portfolio (net of all costs) measured on a rolling five-year basis is currently a target of 3.3 per cent per annum plus NZ inflation (as measured by the Consumers Price Index).

Assessment: Actual return net of costs was 6.9 per cent for the 12-month period to 30 June 2023. The total return of the portfolio for the past five years is 7.6 per cent per annum which is 0.3 per cent above the rolling five-year target. In nominal terms, the 6.9 per cent after fees fund return represented a strong return for the portfolio over the last 12 months. The returns were driven predominantly by the growth areas of the portfolio, namely overseas shares. These shares recorded an impressive 18.7 per cent return over the year.

The continued impact of higher than projected levels of inflation has impacted the portfolio's after-inflation returns. For the five-years to June 2023, annualised inflation-adjusted returns are ahead of the targeted CPI +3.3 per cent by 0.3 per cent.

2. Market comparison target: The portfolio has two distinct categories of assets:

- a) Listed Securities (equities/fixed income/cash) comprising \$195.3m.

The return on this proportion of the portfolio is targeted to be 0.5 per cent per annum above the weighted average benchmark, before fees. NPG will measure and report on these securities quarterly, annually and on a rolling five-year basis.

Assessment: The total gross return on Listed Securities for the 12-month period to 30 June 2023 was -12.6 per cent which was 0.6 per cent better than the benchmark of 12 per cent.

- b) Unlisted Securities (private equity/alternative assets) comprising \$155.5m.

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 2023 from private equity and alternative assets was 1.9 per cent.

3. Reporting target

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.

Assessment: Quarterly reports have been provided throughout the year with information provided as per the Governance Deed.

4. Timely response target

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.

New Plymouth PIF Guardians Limited

Financial Performance

1. 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 2022/23 (\$m)	Budget 2022/23 (\$m)	Projected 2023/24 (\$m)	Projected 2024/25 (\$m)
Operating revenue/expenditure	266	306	290	293
Net profit	-	-	-	-

Fund Performance

1. PIF release payment and closing balance of the fund target.

Release payments were slightly higher than budget due to inflation, which is implied in the release calculation, and which was higher than expected in the prior year.

Although the 2022/23 performance of the fund was better than budget, the actual closing balance was significantly lower than budget because the budget for 2022/23 was set 18 months prior to year-end and did not reflect the losses occurred during the second half of 2021/22.

	Actual 2022/23 (\$m)	Budget 2022/23 (\$m)	Projected 2023/24 (\$m)	Projected 2024/25 (\$m)
Release payment	10.9	10.4	11.0	11.5
Closing balance of the fund	350.8	378.1	388.3	398.6

2. Maintain PIF within the strategic asset allocation (SAA) target.

Assessment: The fund was within the SAA ranges during the twelve-month period to 30 June 2023 except for Private Equity, which has been overweight on the allowable range during the period. This has reduced the allocation to Global equities and Cash within the fund.

Significant policies and objectives on ownership and control

The performance of Mercer will be monitored and reviewed by NPG, a Council Controlled Organisation with a board of highly experienced directors.

Papa Rererangi i Puketapu Limited

Nature and scope of activity

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 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 the growth of tourism and trade by working with key stakeholders to sustainably 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:

- Fees and associated charges in respect to vehicle parking.
- Landing and parking charges from regular passenger transport services.
- Landing and parking charges from general aviation aircraft.
- Revenue from tenant's leases and rents, licences, concession based contracts and lessees outgoings.

As landlord, PRIP also has the power to enter into any building or ground lease agreements on Airport land.

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 will work collaboratively with the Council, the Venture Taranaki Trust, the Taranaki Chamber of Commerce, New Plymouth Partners, the iwi and hapū and other relevant key stakeholders, ensuring a combined approach to achieve the region's desired strategic goals.

Key performance results for 2022/23

Operational performance

1. Maintain the Airport facilities to avoid any disruption of scheduled commercial flights other than for weather or airline related 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.

2. Meeting all the operating, maintenance, capital expenditure and interest costs from Airport revenue (including recovery of the aeronautical portion through landing charges).

Assessment: Passenger numbers continue to increase towards pre-covid numbers. All operating costs associated with the day-to-day management of the Airport have been met from Airport revenue. Loans have been made available from NPDC to assist with capital expenditure, however these have not been utilised in the 2023 financial year and interest also being fully serviced from Airport revenue.

3. 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, NPDC. During the period the Airport has been managed in full compliance with the CAA Rule Part 139.

Papa Rererangi i Puketapu Limited

Financial Performance

	Actual 2022/23 (\$m)	Budget 2022/23 (\$m)	Projected 2023/24 (\$m)	Projected 2024/25 (\$m)
Operating revenue	8,853	7,777	9,916	10,317
Operating expenditure	(3,994)	(3,803)	(4,039)	(4,167)
Depreciation, interest and tax	(2,593)	(2,451)	(3,316)	(3,840)
Net profit/(loss) before tax	2,266	1,523	2,257	2,310

Revenue assessment: The build up to return to pre-Covid passenger numbers has occurred at a faster rate than forecasted. Passenger numbers were budgeted at 362,000 but actuals were 401,686. The major revenue streams, landing charges, car parking and café revenues all were higher as a result. Revenue was \$8,852,567, which was an increase of 13.8 per cent on a forecast of \$7,777,000.

Expenses assessment: Operational expenses were over budget circa \$216,000. Consultancy fees were a contributing factor due to future planning requirements and an increase in maintenance work completed.

Significant policies and objectives on ownership and control

PRIP operates as a standalone company governed by an independent skills based Board of directors 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.

Tasmanian Land Company Limited

Nature and scope of activity

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 (VLC).

The business operations of TLC, along with its subsidiaries TFL and VLC were sold on 31 March 2016. On 21 June 2018, TFL was placed into members' voluntary liquidation; however, TLC could not be wound up due to a pending dispute with Fonterra Australia.

TLC was finally deregistered and ceased business on 28 June 2023. TLC remained a Council Controlled Organisation until this date. As part of the closure, the Council received a \$0.13m dividend and also recognised the expected settlement of \$0.9m, both which will be invested with Mercer, net of costs, once all wind-up costs are received.

Significant policies and objectives on ownership and control

This investment forms part of the Council's Investment Policy.

Venture Taranaki Trust

Nature and scope of activity

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 and regional tourism organisation for the Council, responsible for delivering the Council's active economic development and tourism 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's objectives are to:

- Provide leadership and support for the development and implementation of local, regional and implementation of local national strategies for the creation of a vibrant and prosperous New Plymouth District economy and Taranaki regional economy.
- Facilitate, promote, encourage and support sustainable enterprise growth, investment and employment opportunities in New Plymouth District and the Taranaki region.
- Support the district's commercial enterprises, large and small, mature or start-up to establish, flourish and prosper.

Key performance results for 2022/23

Operational performance

Activity	Measure	Target		Outcomes 2022/23
Promoting investment in Taranaki	Undertaking initiatives to support investment into Taranaki	Number of initiatives to support investment into Taranaki	5	Achieved. 11 attraction opportunities identified and supported.
Regional monitoring	Undertaking environmental scans and regional economic monitoring	Number of regional monitoring updates released	4	Achieved: Four updates released, including 2 x Taranaki Trends and 2 x Business Survey.
Enterprise support and enablement	Enterprise Connection and Signposting	Number of referrals and connections made by Venture Taranaki staff	200	Achieved: 746 referrals recorded.
	Innovation and research and development support	The level of annual investment in regional businesses (subject to government policy)	\$1m	Not achieved: \$493,196. This has not been achieved due to changes in government policy and reduction in grant funding for research and development through Callaghan Innovation.
	Building capacity	The level of annual investment in the management capability of Taranaki's small and medium sized businesses	\$240k	Achieved: \$331,055.70.
	Client satisfaction	The annual percentage of clients satisfied with Venture Taranaki business support services	>85%	Achieved: 87%.

Venture Taranaki Trust

Activity	Measure	Target		Outcomes 2022/23
Promoting Taranaki as a great place to live, learn, create and play	Administer the Major Events Fund	Number of major events funded in accordance with the criteria of NPDC's Major Events Fund	4	Achieved: 20 events (meeting NPDC criteria) attracted or retained.
	Destination Promotion	Number of engagements with visitor industry operators (including local operators, other regional tour operators, national and international tourism agencies)	1,000	Achieved: 1,867 visitor industry engagements recorded.
	Facilitate talent attraction and retention	Number of talent initiatives	2	Achieved: 11 talent initiatives delivered.

Financial Performance

Funds received from Council are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust Deed.

	Actual 2022/23 (\$m)	Budget 2022/23 (\$m)	Projected 2023/24 (\$m)	Projected 2024/25 (\$m)
Operating expenditure (NPDC funded)	3.6	4.0	4.3	4.5

Significant policies and objectives on ownership and control

The Council appoints trustees to the Venture Taranaki Trust. 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

Auditor's Report

Pūrongo Kaiarotake Pūtea



Independent Auditor's Report

To the readers of New Plymouth District Council's annual report for the year ended 30 June 2023

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 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 72 to 140:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - 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 141, 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 annual plan;
- the Council Services on pages 16 to 69:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, 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; and
- the statement about capital expenditure for each group of activities on pages 20 to 70, 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 annual plan; and
- the funding impact statement for each group of activities on pages 20 to 70, 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 and annual plan.

Auditor's Report

Pūrongo Kaiarotake Pūtea

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 142 to 144, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to Note 28 on page 140 which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the District Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our opinion on the audited information

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.

Auditor's Report

Pūrongo Kaiarotake Pūtea

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 Long-term plan and 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 auditor's 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

Auditor's Report

Pūrongo Kaiarotake Pūtea

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 15 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirement we have performed a limited assurance engagement related to the District Council's debenture trust deed. This engagement is compatible with those independence requirements.

Other than the audit and our report on the disclosure requirements, 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

Te Tauāki Tūtohu me Takohanga

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 2023 fairly reflect the financial position, operations and service performance of New Plymouth District Council.



Neil Holdom
Mayor



Gareth Green
Chief Executive





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