

SUMMARY



**ANNUAL
REPORT**

2019/20



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**



BUILDING A LIFESTYLE CAPITAL

He Whakatūtū Haupū Rawa Hei Āhua Noho



Welcome to NPDC's Annual Report 2019/20 Summary

This summary is a snapshot of our activities, from asset management to council performance, during the 12 months from 1 July 2019 to 30 June 2020. More detailed information is in our Annual Report 2019/20, including NPDC's financial health at the end of the financial year.

The information included in this summary has been taken from the audited Annual Report 2019/20 which was adopted by NPDC on 15 December 2020. The Annual Report Summary does not provide as complete an understanding as the full Annual Report.

For more detailed information covering all of NPDC's activities please refer to the full Annual Report. Copies of the full Annual Report are available on request (phone 06-759 6060) for a copy to be sent out to you or you can view it on the Council website www.newplymouthnz.com.

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Mayor and Chief Executive's Message

Our world was upended in the 2019-2020 year. Covid-19 changed all the rules and made us re-examine the things we care about.

In last year's Annual Report, we wrote that Caring for our People, Looking after our Place and Supporting a Prosperous Community were at the heart of everything we do. That hasn't changed and during lockdown we took a hard look at how we deliver our services to our 82,000 residents to achieve that.



Our work before Covid put us in good stead to handle the crisis. NPDC manages assets worth about \$3.3 billion, runs 16 activity groups and in the year just gone, had an operating budget of \$154 million. Credit rating agency Standard and Poor's renewed NPDC's rating outlook as positive and reconfirmed its AA/A-1 rating, the highest rating possible for a local government body in New Zealand. The strong rating was underpinned by the Perpetual Investment Fund, which ended the financial year at \$292.3m after offsetting annual rate bills by \$8.8m.

In response to Covid-19 we were able to pull together a \$20.0m stimulus package to help kick-start our local economy and support jobs and businesses. The package included initiatives like \$8.0m in rates relief for struggling residents and business, a further \$7.5m to keep tradies in work by making our homes warmer and greener, an hour's free parking in the central city over winter and extra money for community groups working with our vulnerable.

NPDC is a major player in our regional economy and a long-term backer of our businesses and people. Our path to more resilient infrastructure and communities was already underway before Covid struck. We boosted investment in our water network by \$44.5m after Ex-Cyclone Gita. By July we'd made good progress laying new water pipes in Inglewood, we upgraded Oākura's Water Treatment Plant and drilled a new bore, and work was well underway on two new reservoir's to boost the district's supply.

Waitara began its reinvigoration with the historic Waitara Lands Act coming into effect. Since the first sale and purchase agreement was signed in August 2019, 183 have chosen to freehold their properties to 30 June 2020. The sales from this first year will see more than \$21.0m pumped back into the town and will eventually net an estimated \$90.0m.

We've also helped young jobseekers and invested in training. We worked with Taranaki Futures to help more than 50 young people to get their restricted driving licence. Our 10-year road network contract with Downer is paying off, with around \$700,000 in savings in its first year, as well as supporting local sub-contractors and building skills in the workforce. The Infrastructure Talent Pipeline and our partnership with the Western Institute of Technology at Taranaki on the Trades Academy is also paying dividends in skills training in the civil construction sector.

This was on top of all the other work that contributed to a Lifestyle Capital, like looking after 1,600 hectares of parks and open spaces and running Puke Ariki, a zoo, sports stadiums, a theatre/events centre, the TSB Festival of Lights and Govett-Brewster Art Gallery, which celebrated its 50th birthday in style during the year.

Another headline event was the local election with the move to the Single Transferrable Voting system. We certainly ran a head-turning campaign, beat the national average voter turnout and won a mainstream New Zealand marketing award for our comprehensive campaign.

There are challenges ahead, particularly with the ongoing pandemic and they can seem daunting, but our work and the great contributions from our community over the past year have given us confidence that we will stay on track with our goal of building a Sustainable Lifestyle Capital in the years ahead. Thank you all.

A handwritten signature in blue ink, appearing to read 'Neil Holdom'.

Neil Holdom
Mayor

A handwritten signature in blue ink, appearing to read 'Craig Stevenson'.

Craig Stevenson
Chief Executive

OUR STRATEGIC FRAMEWORK | BUILDING A LIFESTYLE CAPITAL

He Whakatūtū Haupū Rawa Hei Āhua Noho



People
He Tangata

Putting people first
Aroha ki te Tangata



Place
Tiakina

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



Prosperity
Āwhina

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

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



COMMUNITIES
Ngā Hapori Whānui



ENVIRONMENT
Te Taiao



GROWTH
Te Whakatipuranga



TALENT
He Tangata Pūmanawa



CITIZENS
Ngā Kirirarau



DESTINATION
Te Wāhi Mutunga



CENTRAL CITY
Te Pokapū Tāone



INDUSTRY
Te Rāngai Ahumahi

Our Year in Review

The 2019/20 year was the second year of our Long-Term Plan 2018-2028. The LTP prioritised People, Place and Prosperity as our community outcomes. While the last quarter of the year was dominated by Covid-19 and its associated lockdown period, the majority of the financial year was business-as-usual for the Council. The Council achieved numerous successes towards People, Place and Prosperity during that time. The Council's response to Covid-19 also strongly focused on those three community outcomes. This year in review section splits the year into two parts – before the Covid-19 pandemic impacted our community and then the impacts of Covid-19 on our community.



People / He Tangata

Putting people first / Aroha ki te Tangata

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

On 21 August 2019, the first Waitara leaseholder signed a sale and purchase agreement to purchase her property from NPDC under the New Plymouth District Council (Waitara Lands) Act 2018 (Waitara Lands Act). A total of 183 people had settled with a further 34 awaiting settlement by the end of the financial year.

Work was undertaken to develop a mutually beneficial partnership with tangata whenua for engagement and co-creation for resource consent applications.

In October the Council held the triennial elections using the single transferable voting system. The "Give a 🗳️, Vote Today" campaign helped in generating a 45 per cent voter turnout compared to 48 per cent at the previous election. The 2019 average nation-wide election turnout was 42 per cent at both the 2019 and 2016 elections. The Council also held two Community Board by-elections.

The Council provided financial support to the New Plymouth Mountain Bikers for a sealed pump track.

We worked with Taranaki Futures to help more than 50 young people from three local high schools to get their restricted driving licence. This will help to open up job opportunities and career paths for these teenagers by removing barriers some students have to getting their restricted licence.

The Brooklands Zoo acquired two new tenants – Luis Suarez and Fernando the Capybaras. They are semi-aquatic creatures that are considered the giant rodents of the world. The Zoo also contributed to the International Breeding Programme for Bolivian squirrel monkeys with two of their bachelor monkeys travelling to their new home in Sydney's Taronga Zoo. In sad news, Charlie Cockatoo passed away. He was about 40 years old and had been resident at Pukekura Park and Brooklands Zoo since 1983.

The Govett-Brewster Art Gallery/Len Lye Centre celebrated its 50 year anniversary. Celebrations included a specially brewed NZ Pale Ale named Mrs Brewster, a colossal glittery cake and the world premiere of Len Lye's seven swirling Sky Snakes sculpture. The Gallery has held more than 800 exhibitions since it first opened in 1970.

The Council is trialling 'dragon's teeth' road markings to reduce drivers' speeds on roads outside schools. We will collect data until the end of the year then evaluate how effective the road markings are in changing driver behaviour and improving road users' safety.



Place / Tiakina

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

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

The Council rolled out new landfill and food-scrap bins to all properties in the collection area. The new collection regime kicked off in September. The new bins will help our community work towards Zero Waste by cutting down the amount of waste that goes to landfill. In addition, six electric rubbish trucks were launched in the district in an effort to reduce emissions.

We completed the replacement of 8,025 streetlights to low-emission LED lights a year ahead of schedule and close to \$2.0m under budget.

The Proposed District Plan was released for public submissions in September. It is the first Digital District Plan in New Zealand and generated a lot of interest with 589 submissions received, covering 7,774 submission points.

The Parks team were awarded The Green Flag for Pukekura Park for the seventh year running – a mark of the world's best parks. They also carried out some major projects, completing the Waitara Boardwalk, improving access to Fitzroy Beach, planting to help prevent erosion on Paritutu and keep the track open and completion of the Back Beach steps.

The Council purchased a section of land next to Egmont National Park. This will eventually become a car park where shuttle buses will pick up visitors to the mountain and national park, easing parking issues and helping to protect our Mouna.



Prosperity / Āwhina

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

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

After more than two years of work, the Council's airport company Papa Rererangi i Puketapu Limited opened the new terminal on 17 March. The Airport is an important strategic asset and vital economic gateway to Taranaki.

Works toward making the District's water supply more resilient were undertaken in Ōākura with a new bore drilled down to the underground water supply and upgrades to the treatment process at the Ōākura Water Treatment Plant. Additionally, works began on two new reservoirs to boost the District's water storage by 9,000m³ from 2022.

More than 150,000 visitors attended the Festival of Lights, which hosted more than 50 live acts, including hit band Six60, 24 Summer Scene kids' events, 14 new light features, eight Summer Seniors activities, four bands for the Powerco Lights Up the Night New Year's Eve celebration and one Woofstock for party pooches.

The Council has won the rights to host Oxfam Trailwalker for the next three years. This is a major charity fundraiser which will attract thousands of visitors to the region.

The District has gained Motorhome Friendly Status by the New Zealand Motor Caravan Association with the opening of the motorhome dumpstation on Rifle Range Road. The new infrastructure should support the expected rise in tourism from Kiwis who will be venturing out closer to home with foreign travel grounded.

The independent global rating agency Standard and Poor's reconfirmed NPDC's AA/A-1+ credit rating, highlighting its strong financial management. The rating is the highest possible rating a local government body can get in New Zealand.

The Council purchased the Metro Plaza. The Plaza will undergo a green facelift early next year and is a part of the Council's strategy to continue building a sustainable and thriving city centre.

Covid-19 and NPDC timeline

Covid-19 Events



30 Jan World Health Organisation declares Covid-19 as a public health emergency
26 Feb First case reported in NZ

**January/
February
2020**

NPDC Actions and Responses



11 Mar World Health Organisation declares Covid-19 a pandemic
16 Mar First two cases reported in Taranaki
Border restrictions introduced
21 Mar Level 2 restrictions introduced
3rd and 4th cases reported in Taranaki
22 Mar NZ exceeds 100 reported cases
23 Mar Level 3 restrictions introduced
24 Mar NZ exceeds 200 reported cases
25 Mar Level 4 restrictions introduced
5th case reported in Taranaki
26 Mar 6th and 7th cases reported in Taranaki
27 Mar Five further cases reported in Taranaki
28 Mar NZ exceeds 500 reported cases
29 Mar First Covid-19 related death reported in NZ
30 Mar 13th case reported in Taranaki

**March
2020**

10 Mar Council determines an initial Action Plan
11 Mar NPDC establishes its Incident Management Team
16 Mar NPDC Emergency Operations Centre activated
19 Mar Waitara Library closes due to suspected Covid-19 case
Puke Ariki, Todd Energy Aquatic Centre, Brooklands Zoo close
25 Mar Emergency Council meeting to establish Covid-19 and Economic Development Reserve, and to provide emergency delegations to the Council's Chief Executive if needed
25 Mar NPDC stops collecting recycling and food waste, red bins only collection

1 Apr 14th case reported in Taranaki
4 Apr NZ exceeds 1000 reported cases
25 Apr 15th case reported in Taranaki
26 Apr 16th case reported in Taranaki
28 Apr Level 3 restrictions introduced

**April
2020**

16 Apr Mayor and Chief Executive agree to take temporary pay cuts of 10 per cent
21 Apr Council approves Rates Remission and Postponement Temporary Policies for Covid-19
28 Apr Kerbside collection services return to normal

14 May Level 2 restrictions introduced
20 May NZ exceeds 1500 reported cases

**May
2020**

5 May Council revised Annual Plan, adopts a suite of new initiatives for the Get Us Back On Our Feet (GUBOOF) Plan
25 May Puke Ariki and Govett-Brewster Art Gallery reopen

9 Jun Level 1 restrictions introduced

**June
2020**

2 Jun Council revokes Chief Executive's emergency delegations
10 Jun Todd Energy Aquatic Centre reopens
17 Jun Council considers community feedback on aspects of the GUBOOF Plan, adopts all initiatives and decides to add in three months of one-hour free parking from 1 July to 30 September
30 Jun Council adopts Annual Plan 2020/21, and recapitalises Papa Rererangi i Puketapu Limited (New Plymouth Airport CCO)

How Covid-19 impacted our services

Covid-19 and the associated lockdown impacted on parts of our service delivery. Kerbside solid waste volumes more than doubled during the lockdown period, in part due to the suspension of food waste and recycling collection during this time. A slight increase in kerbside waste volumes has continued post lockdown.

Overall, water supply did not change following a regular decline from the summer high period.

The median weekly occupancy of car parking in New Plymouth CBD fell significantly during the lockdown period. Occupancy bounced back reasonably quickly post- lockdown, but sat below the occupancy level before lockdown occurred. The Council has responded to this by introducing one hour of free parking in the CBD from 1 July to 30 September 2020.

Visitor numbers to the Govett-Brewster Art Gallery, Len Lye Centre and Todd Energy Aquatic Centre were impacted due to social distancing requirements and lockdown. The Aquatic Centre returned to usual levels for the time of year once it re-opened. The Gallery's visitor numbers were slightly lower than prior to lockdown, potentially reflecting reduced international tourism. The Council's libraries ebook checkouts increased during lockdown while physical book checkouts significantly decreased. During levels 2 and 3 Puke Ariki was able to offer services to those over 65 years old through home delivery.

The New Plymouth Airport (Papa Rererangi i Puketapu Ltd (PRIP)) recorded a significant reduction in air traffic as a result of Covid-19. For PRIP to continue trading and to meet all operational costs, ongoing capital expenditure and loan interest payments, the Council approved to recapitalise PRIP via a \$22m debt to equity swap, effective as at 30 June 2020.

Focusing on performance

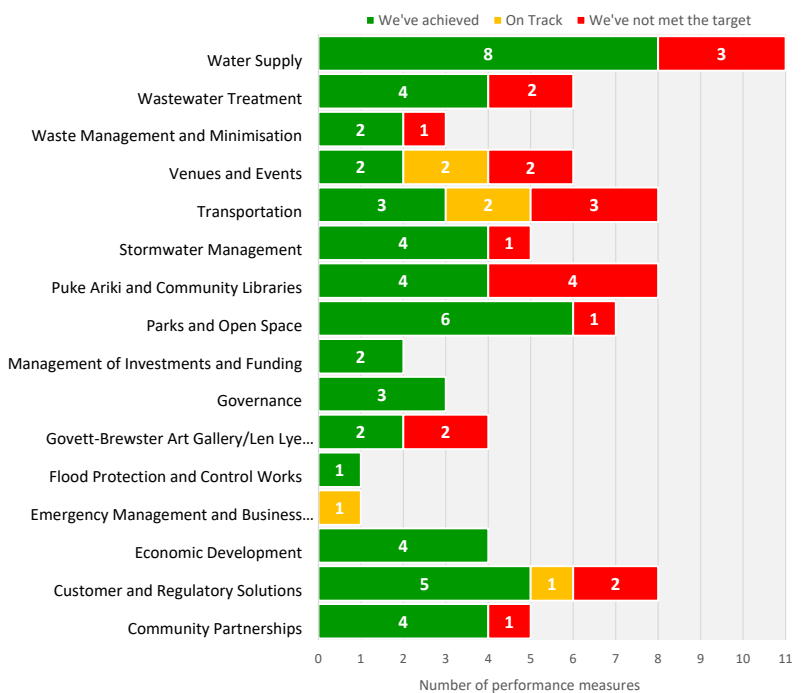
NPDC's 16 activities each have a variety of performance measures to ensure we deliver our services to an excellent level. These measures are assessed from a variety of sources, including internal data and an independent survey of residents.



Of the 82 measures that we use to track performance, the summary graph below shows that:

- We have achieved the target for 54 measures.
- We have substantially achieved the target for 6 measures.
- We have not achieved the target for 22 measures.

PERFORMANCE TARGET RESULTS



Summarising our performance

This section provides a summary of our performance against these measures. For a detailed list of all NPDC's performance measures please refer to the full [Annual Report](#).



Community Partnerships



We exceeded our targets for the percentage of residents satisfied with the Council's assistance and support to community groups, the percentage of housing for the elderly tenants satisfied with this service and the percentage of performance indicators achieved by grant recipients.

We met our target to provide three initiatives with 'start-up' financial support.

We did not meet our 95% target for the percentage of partners satisfied with the Council's advice and involvement in community initiatives (85% satisfaction). We are working on addressing this with a single point of contact for partners.



Customer and Regulatory Solutions



We achieved our 100% targets to respond to animal control emergency situations within two hours and to inspect all businesses required to be licensed. We slightly exceeded our target of known dogs registered (actual 97%, 95% target) and met our target for formal complaints to receive an interim reply or be resolved within five days (90%).

We exceeded our target of residents satisfied with animal control activities (actual 92%, target 76%).

We did not meet our 100% target of official information requests being completed within the statutory timeframe (actual 98%), percentage of building applications processed within statutory frameworks (actual 92%) and percentage of non-notified resource consents processed within statutory timeframes (actual 94%).

Resource consents are currently being assessed against the Operative and Proposed District Plans which has added complexity into the resource consent process. Staffing levels within the planning team have been addressed that will enable us to achieve the consent application targets.



Economic Development



We significantly exceeded our measures across economic development. We attracted or retained 10 events for the year (target four), the level of annual investment attracted for regional business was \$1.9m (target \$1m), the annual level of investment in the management capability of Taranaki's small and medium businesses was just under \$394,000 (target \$240,000) and 96% of clients were satisfied with Venture Taranaki's business support services (target >85%).



Emergency Management and Business Continuance



The target for up-to-date emergency processes and plans was not met. A new emergency management framework is being developed and will result in a complete review of all crisis management and business continuity plans. Progress has been delayed due to Covid-19.



Flood Protection and Control Works



We maintained our major flood protection and control works.



Governance



The triennial election was held, along with three community board by-elections. We ensured full compliance with the Electoral Act provisions.

We achieved full compliance with statutory requirements for the annual plan, annual report and availability of meeting agendas.

Focusing on performance

Govett-Brewster Art Gallery/Len Lye Centre



The number of visitor entries at the Gallery was 52,260, well below the target of 116,000. This result is in part due to the closure of the Gallery during the Covid-19 lockdown. We did not meet our target of the percentage of residents satisfied with the service (64% compared with a target of 88%), potentially due to a combination of the introduction of an admission charge and concerns about the Gallery's content.

We exceeded our target of number of exhibitions on offer with nine exhibitions (target seven). 84% of customers were satisfied with their overall experience at the Gallery (compared with a target of 82%).

Management of Investments and Funding



We met our target for the annual return from the Perpetual Investment Fund and complied with debt level policy limits.

Parks and Open Spaces



We continue to have high satisfaction of Brooklands Zoo visitors with 100% of visitors surveyed being satisfied with the zoo (compared with our target of 90%). There is also a high level of satisfaction with the quality of parks and reserves in the district (actual 98% , target 95%) and the quality of the district's urban landscapes and streets (actual 96%, target 95%) and the districts playgrounds (actual 96%, target 95%).

We exceeded our target of households in the district that are within 500 metres of a park, reserve or neighbourhood open space (actual 84%, target of 71%). Community satisfaction with the quality of public toilets in the district was 87% (target 80%).

We did not meet our target of the percentage of residents satisfied with the quality of the district's sports parks (actual 89%, target 95%). This result being potentially impacted by the closure of Yarrow Stadium.

Puke Ariki and Community Libraries



We did not meet four of our eight measures for Puke Ariki and community libraries.

The annual number of library items loaned was 723,446 compared with a target of 795,000. Library membership increased from 22,405 in the previous year to 25,531 (target 28,500). We also did not meet our target of customers who are satisfied with the library collections (actual 86% , target 95%). The number of digital heritage records created or improved was 4,962 (target 11,000).

We exceeded our measure of numbers attending education programmes at Puke Ariki and the community libraries with 35,316 participants (target 29,000). Programmed learning opportunities conducted throughout Puke Ariki, the Taranaki Research Centre, Discover it! and community libraries exceeded our target with 1506 opportunities (target 1200). Satisfaction with in-house programmes was 97% (target 95%) and 99% of customers were satisfied with the i-SITE visitor information centre.



Stormwater Management



We did not have any flooding events that impacted habitable floors.

We received less complaints about the performance of the Council's stormwater system than our measure (2.55 complaints per 1,000 properties connected, target 7 or less). The median time for responding to a flooding event was 0.54 hours, under the target of one hour.

We did receive six abatement notices for culverts (target 0).



Transportation



The number of fatalities on the district's roading network decreased by two from the previous year as did serious injury crashes.

We did not achieve our target of average 'quality of ride' on the district's sealed local road network (actual 85%, target 88%) due to the deterioration condition of arterial roads. The satisfaction with the overall quality of the district's roads was under target at 81% (target 85%). The percentage of sealed local road network resurfaced was under target at 4% (target 5.7%).

The percentage of footpaths that meet the required levels of service was slightly under target at 88% (target >90%) and footpath length recorded as failed remained the same as the prior year at 0.3% (target <1%). Satisfaction with the quality and safety of the district's cycle network was slightly under target at 84% (target 85%).

Roading and footpath related service requests responded to within target timeframes slightly exceeded the target at 98% (target 95%).



Venues and Events



We met our target of residents satisfied with Council events (95%) while 97% of residents were satisfied with the Council's swimming facilities (target 94%).

We did not meet our target of number of pool patrons for the year, with 325,520 patrons for the year (target 390,000) and 241,246 people attending events (target 280,000). In part this can be attributed to the lockdown.

Our targets of holding 1000 events and 95% of residents satisfied with the Council's events venues were marginally not met with 998 events held and 93% of residents satisfied with our venues.



Waste Management and Minimisation



We did not meet our targeted 10% reduction in landfill waste this year (4% reduction achieved) due to the lockdown and associated changes in service caused confusion to households.

We met our target of no abatement notices, infringement notices, enforcement orders or convictions. The number of complaints received about the Council's solid waste services was 1.92 per 1,000 customers. This is under our target of three or less per 1,000 customers.

Focusing on performance



Wastewater Treatment



We met or exceeded four of our targets for wastewater treatment.

The number of dry weather sewerage overflows was 1.07 per 1,000 connections to the wastewater system (target one or less). The median response time to sewerage overflow callouts was within the target of one hour or less, as was the resolution time for overflow callouts for sewerage under 250 mm (2.33 hours, target four hours or less). There were no callouts for sewerage overflow for sewers greater than 250 mm diameter.

The total number of complaints received about sewerage odour, system faults or blockages, or the Council's response to issues with the sewerage system was 6.52 per 1,000 connected properties, well under the measure of 13 or less.

We received three abatement notices, one for objectionable odour at Te Rewa Rewa Bridge, one for treated septic tank sewage effluent discharged to groundwater in excess of 17m³ per day at Onaero Beach Campground and one for treated septic tank effluent discharge to groundwater in excess of 85m³ per day at Urenui Beach Campground.



Water Supply



We achieved full compliance with Parts 4 and 5 of the drinking water standards.

We met our target of real water loss from our networked reticulation system (16.3%, target 25% or less).

We responded to our urgent callouts within their respective targeted timeframes. We did not meet our targets for responding to non-urgent callouts.

The total number of complaints received about our water supply service was 13.01 per 1,000 connections (target 10 or less). There was a high number of complaints due to discoloured water in Inglewood.

We met our targets for managing demand to minimise the impact of water supply activities on the environment.

Financial summary

Overall results at a glance

NPDC recorded a deficit for the year of \$21.2m compared to a budget surplus of \$2.0m. The primary driver of the variance to budget is the \$22.0m disbursements related to Waitara Lands Act sales during the year.

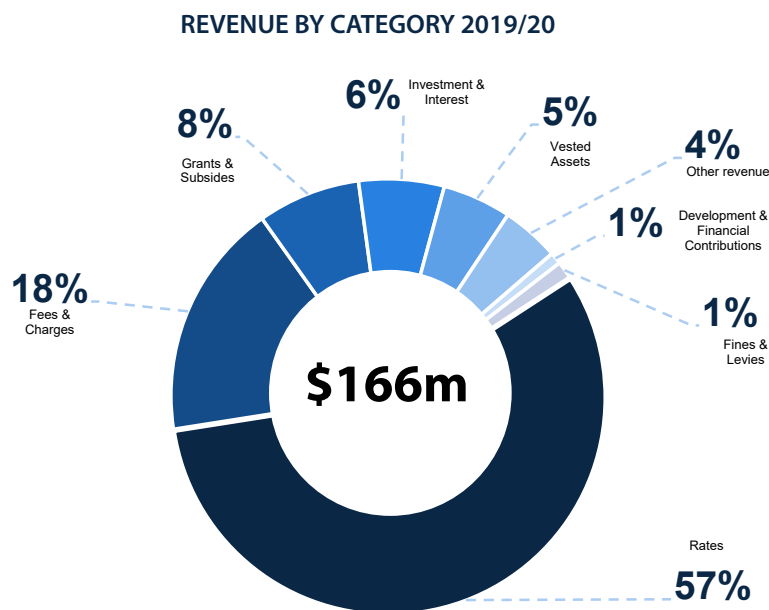
PIF investment

The PIF finished the year down \$3.2m to \$292.3m after payment of releases of \$8.8m for the year. Since inception the PIF has paid \$221.5m in release payments to NPDC and achieved an annual return of 6.4 per cent per annum.

Where the money came from

In 2019/20 rates accounted for 57 per cent of NPDC's funding (2018/19: 55 per cent).

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

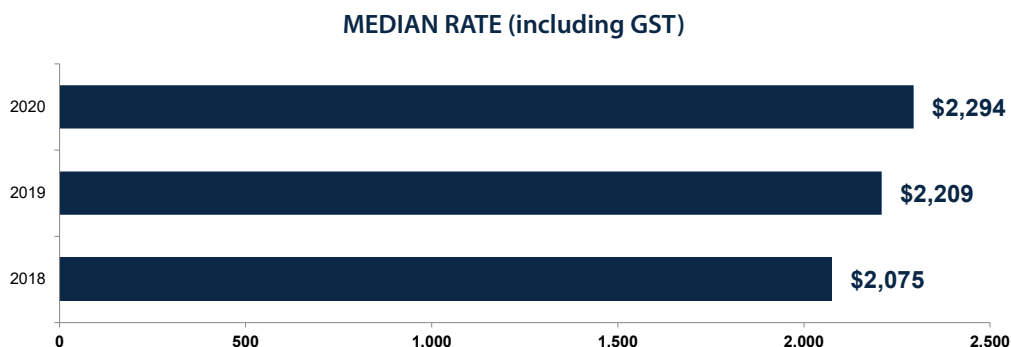


Rates collection

NPDC works hard to ensure all rates are collected and accounted for. As in previous years, NPDC has achieved an excellent collection record, collecting 99 per cent of rates (2018/19: 98 per cent) and 79 per cent of rate arrears (2018/19: 80 per cent).

Residential median rate

The residential median rate (including GST) increased by 3.88 per cent during the year (2018/19: increased by 6.42 per cent).

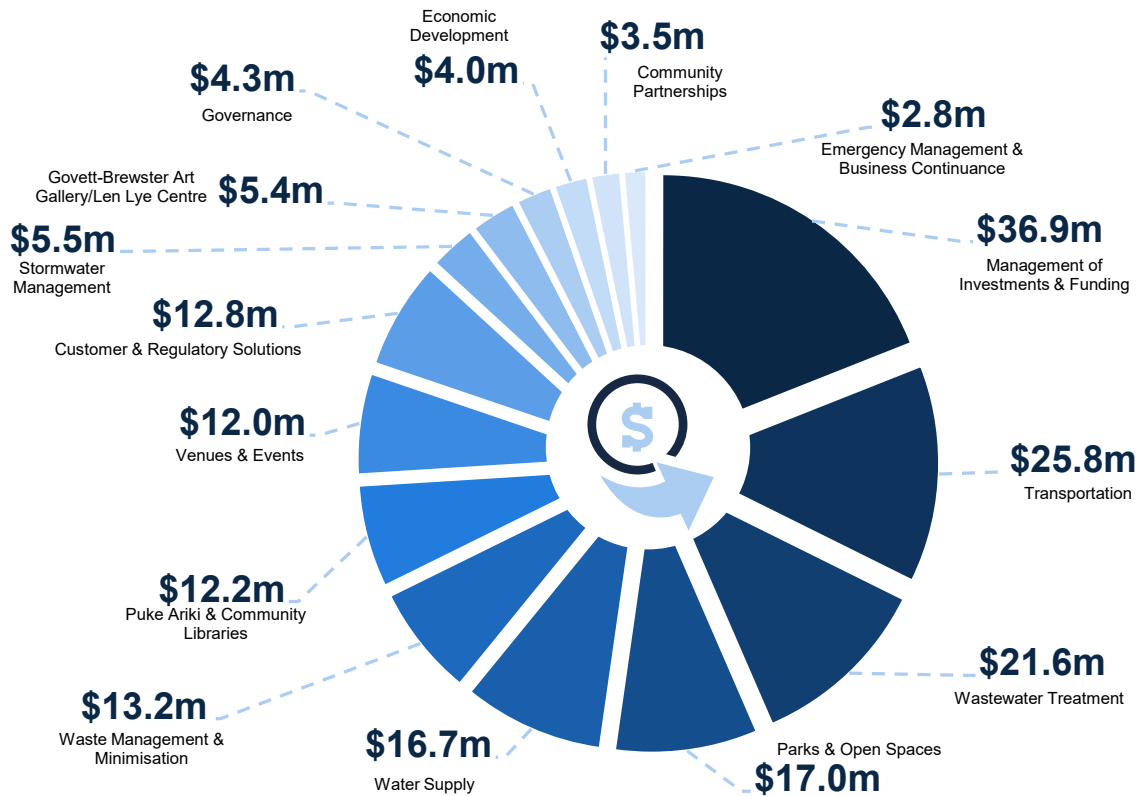


Financial summary

Where the money goes

Operating expenditure of \$193.6m is \$39.2m higher than budget. The graph below shows where the money was spent by NPDC activity.

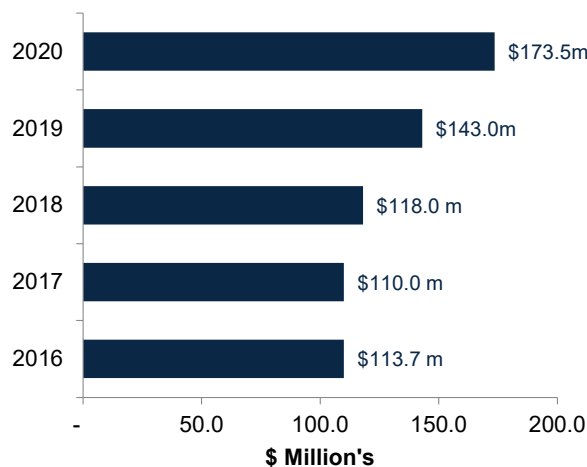
EXPENDITURE BY NPDC ACTIVITY 2019/20



Our liabilities and assets

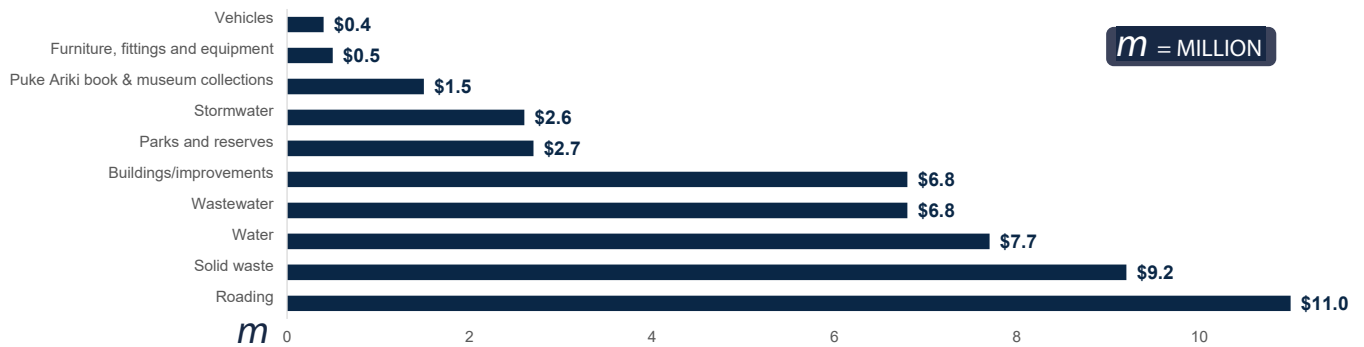
NPDC's external borrowings increased \$30.5m to \$173.5m during the year. The graph below shows NPDC's debt levels over the past five years.

NPDC DEBT LEVELS AT 30 JUNE



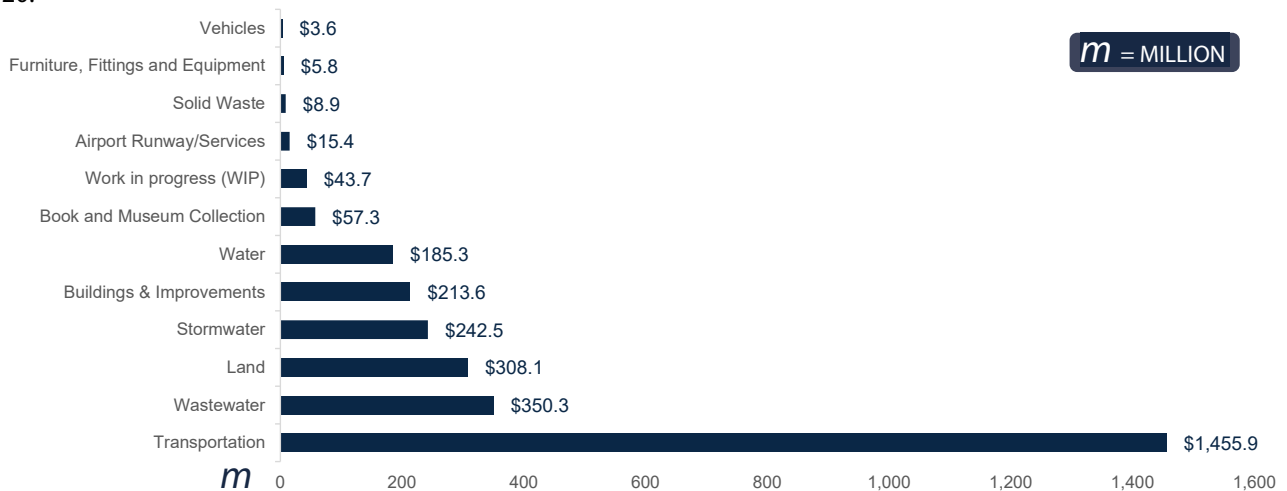
ALLOCATION OF CAPITAL WORKS SPEND 2019/20

During the year NPDC added \$49.2m of new assets through its renewal and capital works programme. This covered all activities within our District. The graph below shows the breakdown of capital expenditure by category.



ALLOCATION OF NPDC ASSETS

The graph below shows the allocation of the total property, plant and equipment balance by asset class as at 30 June 2020.



Covid-19 pandemic response

Rent Relief

On 5 May 2020, the Council approved a rent relief package for the Council’s commercial and community group tenants. As at 30 June, \$55.8k credits had been issued to tenants related to the 2019/20 financial year.

Rates Relief

On 21 April 2020, the Council approved a rates relief package in response to the Covid-19 pandemic which will impact rates collection. The key provisions are:

1. No late penalties applicable on unpaid rates from the fourth instalment for 2019/20 that would have been applied on 27 May 2020. Total penalties that would have applied was \$209k.
2. No late penalties applicable on unpaid rates until 1 July 2021 when a ratepayer provides evidence of difficulty or hardship due to Covid-19 pandemic and agrees to a payment plan.
3. Subject to meeting specific conditions, a ratepayer can defer paying rates for up to six months if their cash flow has been impacted by Covid-19. As at 30 June 2020, 20 deferral applications had been received and six had been approved. The total value of rates deferred at 30 June 2020 was \$24k.
4. Where a ratepayer can demonstrate significant financial hardship as a result of the Covid-19 pandemic, rates can be postponed. This applies to the fourth quarter of 2019/20 and all of 2020/21. As at 30 June 2020, no postponement applications had been received or approved.

Financial summary

Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2020

	COUNCIL			GROUP	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Rates revenue	94,300	94,245	90,333	94,209	90,245
Interest revenue	2,382	2,187	2,297	1,384	1,888
Perpetual Investment Fund	8,112	15,010	18,858	8,227	19,375
Other revenue	61,061	44,997	51,138	68,160	57,897
Total operating revenue	165,855	156,439	162,626	171,980	169,405
Interest costs	5,723	7,432	5,872	5,725	5,895
Perpetual Investment Fund	2,279	1,219	2,489	2,279	2,489
Other expenses	185,598	145,723	157,637	193,286	164,171
Total operating expenditure	193,600	154,374	165,998	201,290	172,555
Share of joint venture surplus	339	-	145	339	145
(Deficit)/surplus before taxation	(27,406)	2,065	(3,227)	(28,971)	(3,005)
Income tax (expense)/refund	-	-	-	264	(344)
(DEFICIT)/SURPLUS AFTER TAXATION	(27,406)	2,065	(3,227)	(28,707)	(3,349)
Gain/(loss) on property, plant and equipment revaluations	6,196	-	696,921	11,113	696,921
Financial assets fair value movement (could be reclassified to surplus/(deficit))	23	-	-	23	-
Total other comprehensive revenue and expense	6,219	-	696,921	11,136	696,921
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	(21,187)	2,065	693,694	(17,571)	693,572

Summary Statement of Financial Position as at 30 June 2020

	COUNCIL			GROUP	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Current assets	315,312	350,310	310,438	316,498	310,941
Non-current assets	3,006,476	2,379,530	2,977,454	3,011,760	2,980,699
Total assets	3,321,788	2,729,840	3,287,892	3,328,258	3,291,640
Current liabilities	89,118	32,450	67,335	91,763	70,874
Non-current liabilities	154,732	167,140	121,432	154,732	121,432
Total liabilities	243,850	199,590	188,767	246,495	192,306
TOTAL EQUITY/NET ASSETS	3,077,938	2,530,250	3,099,125	3,081,763	3,099,334

Summary Statement of Changes in Net Assets/Equity for the year ended 30 June 2020

	COUNCIL			GROUP	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Equity at the beginning of the year	3,099,125	2,528,185	2,405,431	3,099,334	2,405,762
Total comprehensive revenue and expense	(21,187)	2,065	693,694	(17,571)	693,572
EQUITY AT THE END OF THE YEAR	3,077,938	2,530,250	3,099,125	3,081,763	3,099,334

Summary Statement of Cash Flows for the year ended 30 June 2020

	COUNCIL			GROUP	
	2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Net cash flows from operating activities	20,222	10,898	24,202	19,982	26,413
Net cash flows from investing activities	(26,809)	(30,288)	(44,906)	(26,191)	(47,216)
Net cash flows from financing activities	30,500	15,970	25,000	30,500	25,000
CASH AND CASH EQUIVALENTS AT 30 JUNE	23,913	(3,420)	4,296	24,291	4,197

Summary accounting policies

Part 6 section 98 of the Local Government Act 2002 (LGA) requires the New Plymouth District Council (the Council) to make publicly available a summary of the information contained in its Annual Report. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by the Council on 15 December 2020. However, the summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding.

New Plymouth District Council is a territorial authority, domiciled in New Zealand. It is governed by the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LG(R)A).

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). The full financial statements on which these summary financial statements have been based were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), applying Tier 1 PBE Accounting Standards. These summary accounts comply with PBE FRS 43, Summary Financial Statements.

The financial statements are presented in New Zealand Dollars (NZD) and all values are rounded to the nearest thousand dollars (\$000), unless otherwise stated.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor-General. The audited information, excluding the Council Services statement, received an unmodified audit opinion on 15 December 2020 with an emphasis of matter on the impact of Covid-19. The Council Services statement received a qualified opinion due to incomplete information about the number of complaints for some services.

Financial summary

Summary additional disclosures

Explanations for major budget variances from the Council budget figures in the Annual Plan 2019/20 are shown in the table below. The table variances are from the detailed breakdown in the full Annual Report.

Statement of comprehensive revenue and expense

	2019/20 Actual \$'000	2019/20 Budget \$'000	Variance \$'000	Comments
Other revenue	46,035	29,502	16,533	<p>+\$1,083k Yarrow Stadium works recoverable (offsetting other expenses).</p> <p>+\$1,071k Covid-19 Taranaki Emergency Management Office (TEMO) Covid-19 expenditure recoveries from the Department of Internal Affairs (offsetting other expenses).</p> <p>+\$6,582k gain on sale of Waitara leasehold properties not budgeted for.</p> <p>+\$3,075k more additional vested assets recognised than anticipated.</p> <p>+\$1,296k building consent revenue in advance recognised.</p>
Investment income	8,227	15,010	(6,783)	Performance of the PIF not as good as anticipated due to unfavourable market conditions.
Other expenses	(80,760)	(64,720)	(16,040)	<p>\$6,457k unrealised loss on interest rate swaps. Not budgeted due to volatile market conditions.</p> <p>\$1,613k increase in landfill aftercare provision as a result of changing underlying assumptions.</p> <p>\$1,071k Covid-19 TEMO expenditure (offsetting other revenue).</p> <p>\$1,072k Yarrow Stadium works recoverable (offsetting other revenue).</p> <p>\$806k transportation costs for Bonny Glenn (offsetting other revenue).</p>
Waitara Lands Act distributions	(21,563)	-	(21,563)	Proceeds from Waitara Lands Act sales distributed to the Waitara Perpetual Community Fund, the Waitara Land Fund and the Taranaki Regional Council.
Depreciation and amortisation expenses	(41,938)	(36,742)	(5,196)	The 2018/19 revaluation increased asset values more than anticipated. As a result, the depreciation expense has also increased.

Statement of financial position

	2019/20 Actual \$'000	2019/20 Budget \$'000	Variance \$'000	Comments
Property, plant and equipment	2,875,212	2,334,350	540,862	The 2018/19 revaluation increased the value \$552k more than budgeted. Capital expenditure for the year was behind budget. Refer to note 5(f) in the full Annual Report for commentary on significant capital projects. -\$13.9m sale of Waitara leasehold properties.
Cash	34,706	5,030	29,676	Total includes \$18.9m held in relation to the Waitara Lands Act sales for future distribution. In addition, due to the low interest rates and cash flow uncertainties driven by Covid-19, excess funds are not currently being put on term deposit.
Investment in CCOs and other similar entities (total)	61,988	10,000	51,988	Increased investment in Papa Rererangi i Puketapu Ltd as a result of terminal, 99-year land lease and a \$22.0m debt to equity swap given at the end of the year (refer to note 11b in the full Annual Report).
Other financial assets (total)	323,693	352,810	(29,117)	The financial markets have been affected by the ongoing Covid-19 pandemic resulting in unusual volatility. This has resulted in the value of the Perpetual Investment Fund being less than budget at 30 June.
Derivative financial instruments (total)	21,169	5,470	15,699	Unrealised loss on interest rate swaps greater than anticipated due to the unpredictable nature of the financial markets.

Contingencies

The full Annual Report notes the existence of contingent liabilities for the following:

- Legal claim:** In January 2019 there was an unauthorised discharge from the Mangati pump station into the Mangati Stream. The Council's Incident Response Plan was implemented when the discharge was discovered and an investigation has since been conducted. Improvement actions were identified and progress towards completing them continues. The Taranaki Regional Council has commenced proceedings against the Council under the Resource Management Act 1991. As at 30 June 2020, there was insufficient information to conclude on potential liability.
There are three claims against the Council for building consents. The amounts of the claims are uncertain as they are subject to either court or remediation decision. The maximum exposure is estimated to be \$177k.
- Local Government Funding Agency:** As at 30 June 2020 the Council's contingent liability in regards to the total LGFA borrowings was \$11.9b (2018/19: \$9.5b).
- Emissions Trading Scheme:** Under the ETS, the Council will incur financial penalties should specified land be deforested. At 30 June 2020, 0.4ha (2018/19: 0.4ha) had been harvested but not yet replanted. The Council intends to replant and/or let that portion naturally regenerate and has not given notice of intention to deforest. The Council does not consider it has a contingent liability.
- Weathertightness:** In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. The MOE's claim against CHH is for 833 school buildings, nine of which are located within the New Plymouth district. In 2016, CHH commenced proceedings against 48 councils, including NPDC, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. At 30 June 2020 and 30 June 2019, there was insufficient information to conclude on potential liability and claim quantum, if any. On 3 September 2020, the High Court issued a notice of discontinuance which has removed the uncertainty that existed at the end of the current and preceding periods. The Council is no longer subject to this legal proceeding.

Financial summary

- **RiskPool:** RiskPool, of which the Council is a member, provides public liability and professional indemnity insurance for its members. The Trust Deed of RiskPool provides that, if there is a shortfall in any fund year, then the board may make a call on members for the fund year. The Council has been asked to make calls in the past for fund years as a result of deficits incurred due to the leaky building issue. No calls were made by the board of Civic Liability RiskPool during the year to 30 June 2020 (2018/19: \$100,000). The board have indicated that another final call is likely to be made in 2022 or 2023. It is expected that the amount of the call will be less than \$100,000.
- **Alleged illegal dumping of PRIP's sub-contractor:** In June 2020 PRIP were notified by Taranaki Regional Council that an investigation into alleged illegal dumping of asbestos materials by a sub-contractor to the main terminal redevelopment contractor was underway. As at balance sheet date no legal fees, fines or other associated costs has been incurred by PRIP. At the time of signing these financial statements, there was no indication that PRIP was responsible for the alleged sub-contractors actions, and as such no indication of fines or penalties that may be incurred.

Subsequent events

In August 2020, NPDC along with other eligible councils signed a Memorandum of Understanding with the Crown as part of the Three Waters Reform Programme. The Crown approved our proposed work programme and upon approval we signed an agreement to receive a consideration of \$10.1m. The Council have received half of this amount up-front and in order to receive the remaining amount the Council will need to undertake the agreed work programme and submit payment claims on a cost reimbursable basis.

Changes in accounting policies

The Council and group has adopted the new group financial statements standards, PBE IPSAS 34 to PBE IPSAS 38. The standards have been adopted by restating the comparative year information in accordance with their transitional provisions.

As a result of adopting the new standards, accounting for the Group's investment in the Forestry Joint Ventures has changed to the equity method of accounting. Under the previous joint venture standard, the Group had elected to account for this investment using the proportional consolidation method. This change has a financial effect at the time of adoption.

Financial summary

A breakdown of the assets and liabilities as at 1 July 2018 aggregated into the single line equity accounted investment balance of \$929,000 is as follows:

	1 JULY 2018			
	Duthie JV \$'000	McKay JV \$'000	Tarata JV \$'000	Total \$'000
ASSETS				
Current assets: Forestry assets	-	-	171	171
Non-current assets: Forestry assets	193	570	-	763
TOTAL ASSETS	193	570	171	934
LIABILITIES				
Current liabilities: Creditors and other payables	1	2	2	5
TOTAL LIABILITIES	1	2	2	5
EQUITY ACCOUNTED INVESTMENT OPENING BALANCE	192	568	169	929

In 2018/19, the Waitara Lands Act distributions were included in other expenses and the Waitara Lands Act liability was included in creditors and other payables. Due to the significance of the balances in 2019/20 they been reclassified and disclosed separately. The amount of the adjustment to each financial statement line item previously presented in the 30 June 2019 financial statements for the change from proportional consolidation to equity method is as follows:

	COUNCIL			GROUP		
	Previously reported \$'000	Adjustment \$'000	Restated Amount \$'000	Previously reported \$'000	Adjustment \$'000	Restated Amount \$'000
Statement of comprehensive revenue and expense						
Other revenue	36,893	(318)	36,575	41,420	(318)	41,102
Other expenses	87,840	(5,742)	82,098	90,176	(5,742)	84,434
Waitara Lands Act distributions	-	5,569	5,569	-	5,569	5,569
Net surplus/(deficit) of joint venture	-	145	145	-	145	145
Statement of financial position						
Forestry assets	5,063	(908)	4,155	5,063	(908)	4,155
Creditors and other payables	23,436	(3,031)	20,405	26,808	(3,031)	23,777
Waitara Lands Act liability	-	3,029	3,029	-	3,029	3,029
Equity-accounted investments	-	906	906	-	906	906

To the readers of New Plymouth District Council and group's summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the New Plymouth District Council and group (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 7 to 21:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary Council Services statement (focusing on performance).

Opinion

In our opinion:

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

However, the summary Council Services Statement (focusing on performance) information includes a limitation in scope to the equivalent extent as the full audited Council Services statement. This limitation is explained below in The full annual report and our audit report thereon section.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed a qualified opinion on the Council Services Statement and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2020 in our auditor's report dated 15 December 2020. The basis for our qualified opinion on the Council Services Statement is explained below.

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints (per 1,000 connections) received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the District Council's response to any of these issues.
- sewage odour, sewerage system faults or blockages, and the District Council's response to issues with the sewerage system.
- the performance of the stormwater system.

These measures are important because the number of complaints is indicative of the quality of services received by ratepayers.

Independent Auditor's Report

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the District Council has not been counting complaints in accordance with this guidance and that the Council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019.

Complete records for all complaints made to the Council were not available and we were unable to determine whether the Council's reported results for these performance measures were materially correct. As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures.

Information about this matter is also disclosed on page 17 of the District Council's summary report,

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full annual report in note 1, 2(s), 5, 6, 11(b) and 14 to the financial statements and pages 7 to 69 of the Council Services statement.

An extract of this information is included in the summary of the annual report on pages 7, 15, 17, 18 and 19.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed which is compatible with those independence requirements. Other than these engagements, 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
22 December 2020



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